

ANNUAL STATEMENT

OF THE

Volunteer State Health Plan, Inc.

of

Chattanooga

in the state of

Tennessee

TO THE

Insurance Department

OF THE STATE OF

Tennessee

FOR THE YEAR ENDED
DECEMBER 31, 2004

2004



ANNUAL STATEMENT
For the Year Ending December 31, 2004
OF THE CONDITION AND AFFAIRS OF THE
Volunteer State Health Plan, Inc.

NAIC Group Code	0000 (Current Period)	0000 (Prior Period)	NAIC Company Code		Employer's ID Number	62-1656610
Organized under the Laws of	Tennessee		State of Domicile or Port of Entry	Tennessee		
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health[] Dental Service Corporation[] Other[]		Property/Casualty[] Vision Service Corporation[] Is HMO Federally Qualified? Yes[] No[X]		Hospital, Medical & Dental Service or Indemnity[] Health Maintenance Organization[X]	
Incorporated	07/11/1996		Commenced Business	11/01/1996		
Statutory Home Office	801 Pine Street (Street and Number)		Chattanooga, TN 37402 (City, or Town, State and Zip Code)			
Main Administrative Office			801 Pine Street (Street and Number)			
	Chattanooga, TN 37402 (City or Town, State and Zip Code)		(423)755-5600 (Area Code) (Telephone Number)			
Mail Address	801 Pine Street (Street and Number or P.O. Box)		Chattanooga, TN 37402 (City, or Town, State and Zip Code)			
Primary Location of Books and Records			801 Pine Street (Street and Number)			
	Chattanooga, TN 37402 (City, or Town, State and Zip Code)		(423)755-5600 (Area Code) (Telephone Number)			
Internet Website Address	www.bcbst.com					
Statutory Statement Contact	Dana Elaine Hull (Name)		(423)752-7919 (Area Code)(Telephone Number)(Extension)			
	Dana_Hull@BCBST.com (E-Mail Address)		(423)752-8331 (Fax Number)			
Policyowner Relations Contact			801 Pine Street (Street and Number)			
	Chattanooga , TN 37402 (City, or Town, State and Zip Code)		(423)755-5600 (Area Code) (Telephone Number)(Extension)			

OFFICERS

Name	Title
Ronald Ellis Harr	President & CEO
John Linville Shull	Secretary
David Lee Deal	Treasurer & CFO
Shelia Dian Clemons	Assistant Secretary
Harold Hoke Cantrell Jr.	Assistant Treasurer

OTHERS

DIRECTORS OR TRUSTEES

Ronald Ellis Harr	Vicky Brown Gregg
David Lee Deal	Joan Carol Harp

State of Tennessee
County of Hamilton ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Ronald Ellis Harr	John Linville Shull	David Lee Deal
(Printed Name)	(Printed Name)	(Printed Name)
President & CEO	Secretary	Treasurer & CFO
(Title)	(Title)	(Title)

Subscribed and sworn to before me this	a. Is this an original filing?	Yes[X] No[]
_____ day of _____, 2005	b. If no,	
	1. State the amendment number	_____
	2. Date filed	_____
	3. Number of pages attached	_____

(Notary Public Signature)



Statement of Actuarial Opinion

I, Betty Anne Neal, Vice President of Actuarial Services, am an employee of BlueCross BlueShield of Tennessee, Inc. ("BCBST") and a member of the American Academy of Actuaries. I meet the American Academy of Actuaries qualification standards for issuing an opinion on the unpaid claims liability of health insurers. I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities, and related items as shown in the annual statement of Volunteer State Health Plan, Inc. ("VSHP" or "the Company") as prepared for filing with the Tennessee Department of Insurance for the year ending December 31, 2004.

<u>Item</u>	<u>Statement Reference</u>	
	<u>Page-Line</u>	<u>Amount</u>
Claims Unpaid	3-1	\$ 0
Accrued medical incentive & bonus payments	3-2	\$ 0
Unpaid claims adjustment expenses	3-3	\$ 0
Aggregate health policy reserves	3-4	\$ 0
Aggregate life policy reserves	3-5	\$ 0
Property/casualty unearned premium reserves	3-6	\$ 0
Aggregate health claim reserves	3-7	\$ 0
Experience rated refunds		\$ 0
Any actuarial liabilities in Page 3, Line 21		\$ 0

My examination included such review of the assumptions and methods used and of the underlying basic records and/or summaries and such tests and calculations, as I considered necessary. In making my examination, I have relied on listings and summaries of claims and other relevant data, and upon representations regarding the consistency of paid claims data and un-paid claims reported in the Underwriting and Investment Exhibit – Part 2B of the Annual Statement as prepared by Dana E. Hull, Manager of Subsidiary Accounting. I have also relied on the accuracy and consistency of the electronic systems and databases used as the basis of my analysis as provided by John T. Morgan, Manager, IM Finance.

My review did not include asset adequacy analysis, as such analysis is not in the scope of my assignment. I have not reviewed any of the Company's assets and I have not formed an opinion as to the validity or value. The following opinion rests on the assumption that the Company's December 31, 2004 statutory-basis unpaid claims liability is funded by valid assets that have suitably scheduled maturities and/or adequate liquidity to meet cash flow requirements.

In my opinion, the amounts carried on the balance sheet on account of the items identified above for December 31, 2004:

- (a) Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial standards,
- (b) Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- (c) Meet the requirements of the insurance laws and regulations of the state of Tennessee,
- (d) Make a good and sufficient provision for all unpaid claims liabilities and other actuarial liabilities of the corporation under the terms of its contracts and agreements,
- (e) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end,
- (f) Include appropriate provision for all actuarial reserves and related actuarial items that ought to be established.

The Underwriting and Investment Exhibit – Part 2B was prepared consistent with "Standard of Practice No. 3.6, "Follow-Up Studies", contained in the Actuarial standards

Statement of Actuarial Opinion

of Practice No. 5, "Incurred Health and Disability Claims" as adopted by the Actuarial Standards Board of the American Academy of Actuaries in December 2000. Actuarial methods, considerations, and analyses used in forming this opinion conform to the relevant Standards of Practice as promulgated from time to time by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

Considerable uncertainty and variability are inherent in estimating the unpaid claim liability. Accordingly, the subsequent development of the liability may not conform to the assumptions inherent in its determination and therefore may cause fluctuations in the ultimate amount of claims that are paid.

My review related only to the statutory-basis items identified herein, and I do not express an opinion on the Company's financial statements taken as a whole. This opinion has been prepared solely for the Board and the management of the Company, for filing with insurance regulatory agencies of states in which the Company is licensed, and for the Blue Cross and Blue Shield Association and is not intended for any other purpose.

Betty Anne Neal, VP, F.S.A., M.A.A.A.
BlueCross BlueShield of Tennessee, Inc.

Volunteer State Health Plan, Inc.
Reliance Statement
2004 Annual Statement

I, Dana Elaine Hull, Manager, Subsidiary Accounting of BlueCross BlueShield of Tennessee, Inc. hereby affirm that all accounting-related information submitted by me and under my direction to Betty Anne Neal, Vice President of Actuarial Services, to the best of my knowledge and belief, is accurate and complete. This includes accounting information utilized in the amounts reported in the Underwriting and Investment Exhibit - Part 2B of the annual statement (NAIC format).

Dana Elaine Hull

Date

Volunteer State Health Plan, Inc.
Reliance Statement
2004 Annual Statement

I, John Timothy Morgan, Manager, IM Finance of BlueCross BlueShield of Tennessee, Inc. (801 Pine Street, Chattanooga, TN) hereby affirm that the data extracts from the electronic data warehouse and subsequent database structures provided to Betty Anne Neal, Vice President of Underwriting and Actuarial Services, as the basis of the reserve analysis were prepared under my direction and, to the best of my knowledge and belief, are substantially accurate and complete.

John Timothy Morgan

Date

**CERTIFICATE OF COMPLIANCE COVERING ADVERTISEMENT
OF ACCIDENT AND HEALTH POLICES**

This is to certify that to the best of my knowledge, information and belief, the advertisements disseminated* by **Volunteer State Health Plan, Inc.**, during the preceding year, complied with or were made to comply in all respects with the provisions of the Insurance Laws and Rules of Tennessee as prescribed in Tenn. Comp. R & Regs., Department of Commerce Insurance, ch. 0780-1-8.17 and the ruling issued thereunder by the State Commissioner of Commerce and Insurance of the State of Tennessee.

*Volunteer State Health Plan, Inc. did not disseminate any advertisements during the preceding year.

_____ Authorized Officer Joan Carol Harp	_____ Date
_____ Senior Vice President and CMO	
_____ Officers Title	

Subscribed and sworn to before me this _____
(date)

My Commission Expires _____
(date)

Notary Signature:

ASSETS

		Current Year			Prior Year
		1	2	3	4
		Assets	Nonadmitted Assets	Net Admitted Assets (Cols.1-2)	Net Admitted Assets
1.	Bonds (Schedule D)	26,654,103		26,654,103	16,735,531
2.	Stocks (Schedule D)				
2.1	Preferred stocks				
2.2	Common Stocks				
3.	Mortgage loans on real estate (Schedule B):				
3.1	First liens				
3.2	Other than first liens				
4.	Real estate (Schedule A):				
4.1	Properties occupied by the company (less \$..... encumbrances)				
4.2	Properties held for the production of income (less \$..... encumbrances)				
4.3	Properties held for sale (less \$..... encumbrances)				
5.	Cash (\$....(38,808,350) Schedule E Part 1), cash equivalents (\$..... Schedule E Part 2) and short-term investments (\$.....49,147,408 Schedule DA)	10,339,058		10,339,058	25,239,878
6.	Contract loans (including \$..... premium notes)				
7.	Other invested assets (Schedule BA)				
8.	Receivable for securities				
9.	Aggregate write-ins for invested assets				
10.	Subtotals, cash and invested assets (Lines 1 to 9)	36,993,161		36,993,161	41,975,409
11.	Investment income due and accrued	229,478		229,478	337,099
12.	Premiums and considerations				
12.1	Uncollected premiums and agents' balances in the course of collection				
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due (Including \$..... earned but unbilled premiums)				
12.3	Accrued retrospective premiums				
13.	Reinsurance:				
13.1	Amounts recoverable from reinsurers				
13.2	Funds held by or deposited with reinsured companies				
13.3	Other amounts receivable under reinsurance contracts				
14.	Amounts receivable relating to uninsured plans	7,391		7,391	1,340
15.1	Current federal and foreign income tax recoverable and interest thereon ...				
15.2	Net deferred tax asset	374,079	374,079		
16.	Guaranty funds receivable or on deposit				
17.	Electronic data processing equipment and software				
18.	Furniture and equipment, including health care delivery assets (\$.....)				
19.	Net adjustment in assets and liabilities due to foreign exchange rates				
20.	Receivables from parent, subsidiaries and affiliates				77,581
21.	Health care (\$.....) and other amounts receivable				53
22.	Other assets nonadmitted				
23.	Aggregate write-ins for other than invested assets	24,163		24,163	
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	37,628,272	374,079	37,254,193	42,391,482
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26.	Total (Lines 24 and 25)	37,628,272	374,079	37,254,193	42,391,482
DETAILS OF WRITE-INS					
0901.	.....			
0902	.....			
0903	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page				
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)				
2301.	Exigency Post-Settlement Activity	24,163		24,163	
2302	.....			
2303	.....			
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)	24,163		24,163	

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less \$..... reinsurance ceded)				
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses				
4.	Aggregate health policy reserves				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance				
9.	General expenses due or accrued	506,143		506,143	83,253
10.1	Current federal and foreign income tax payable and interest thereon (including \$..... on realized capital gains (losses))				
10.2	Net deferred tax liability				
11.	Ceded reinsurance premiums payable				
12.	Amounts withheld or retained for the account of others				
13.	Remittance and items not allocated	52,984		52,984	222,806
14.	Borrowed money (including \$..... current) and interest thereon \$..... (including \$..... current)				
15.	Amounts due to parent, subsidiaries and affiliates	320,182		320,182	
16.	Payable for securities				
17.	Funds held under reinsurance treaties with (\$..... authorized reinsurers and \$..... unauthorized reinsurers)				
18.	Reinsurance in unauthorized companies				
19.	Net adjustments in assets and liabilities due to foreign exchange rates				
20.	Liability for amounts held under uninsured accident and health plans	1,026,949		1,026,949	3,186,161
21.	Aggregate write-ins for other liabilities (including \$..... current)	4,330,843		4,330,843	6,136,457
22.	Total liabilities (Lines 1 to 21)	6,237,101		6,237,101	9,628,677
23.	Common capital stock	X X X	X X X	100,000	100,000
24.	Preferred capital stock	X X X	X X X		
25.	Gross paid in and contributed surplus	X X X	X X X		
26.	Surplus notes	X X X	X X X		
27.	Aggregate write-ins for other than special surplus funds	X X X	X X X		
28.	Unassigned funds (surplus)	X X X	X X X	30,917,092	32,662,805
29.	Less treasury stock, at cost:	X X X	X X X		
29.1	..... shares common (value included in Line 23 \$.....)	X X X	X X X		
29.2	..... shares preferred (value included in Line 24 \$.....)	X X X	X X X		
30.	Total capital and surplus (Lines 23 to 28 minus Line 29)	X X X	X X X	31,017,092	32,762,805
31.	Total Liabilities, capital and surplus (Lines 22 and 30)	X X X	X X X	37,254,193	42,391,482
DETAILS OF WRITE-INS					
2101.	Due State of Tennessee	3,105,208		3,105,208	3,954,132
2102.	Stale Dated Checks	1,140,553		1,140,553	1,307,174
2103.	Payable to THP	85,082		85,082	81,410
2198.	Summary of remaining write-ins for Line 21 from overflow page				793,741
2199.	TOTALS (Lines 2101 through 2103 plus 2198) (Line 21 above)	4,330,843		4,330,843	6,136,457
2701	.....	X X X	X X X		
2702	.....	X X X	X X X		
2703	.....	X X X	X X X		
2798.	Summary of remaining write-ins for Line 27 from overflow page	X X X	X X X		
2799.	TOTALS (Lines 2701 through 2703 plus 2798) (Line 27 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	X X X		(111)
2.	Net premium income (including \$..... non-health premium income)	X X X	1,048,821	(3,418,182)
3.	Change in unearned premium reserves and reserve for rate credits	X X X		
4.	Fee-for-service (net of \$..... medical expenses)	X X X		
5.	Risk revenue	X X X		
6.	Aggregate write-ins for other health care related revenues	X X X		
7.	Aggregate write-ins for other non-health revenues	X X X		
8.	Total revenues (Lines 2 to 7)	X X X	1,048,821	(3,418,182)
Hospital and Medical:				
9.	Hospital/medical benefits		1,892,918	(5,355,759)
10.	Other professional services		20,501	1,154,208
11.	Outside referrals			
12.	Emergency room and out-of-area		(37,218)	(578,433)
13.	Prescription drugs		(2,788)	18,537
14.	Aggregate write-ins for other hospital and medical		499,128	810,534
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		2,372,541	(3,950,913)
Less:				
17.	Net reinsurance recoveries			
18.	Total hospital and medical (Lines 16 minus 17)		2,372,541	(3,950,913)
19.	Non-health claims			
20.	Claims adjustment expenses, including \$.....258,852 cost containment expenses		1,266,410	1,025,190
21.	General administrative expenses		1,145,074	838,791
22.	Increase in reserves for life and accident and health contracts (including \$..... increase in reserves for life only)			
23.	Total underwriting deductions (Lines 18 through 22)		4,784,025	(2,086,932)
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(3,735,204)	(1,331,250)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		648,317	501,165
26.	Net realized capital gains (losses)		(4,683)	
27.	Net investment gains (losses) (Lines 25 plus 26)		643,634	501,165
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$.....) (amount charged off \$.....)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(3,091,570)	(830,085)
31.	Federal and foreign income taxes incurred	X X X	(1,345,220)	(579,508)
32.	Net income (loss) (Lines 30 minus 31)	X X X	(1,746,350)	(250,577)
DETAILS OF WRITE-INS				
0601.	GME, Meharry, Critical Access, and EPP Revenues	X X X	187,984,703	121,487,264
0602.	GME, Meharry, Critical Access, and EPP Premium Taxes	X X X	(3,759,694)	(2,429,745)
0603.	Critical Access Payments	X X X	(4,148,628)	(3,305,038)
0698.	Summary of remaining write-ins for Line 6 from overflow page	X X X	(180,076,381)	(115,752,481)
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701	.....	X X X		
0702	.....	X X X		
0703	.....	X X X		
0798.	Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799.	TOTALS (Line 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.	Exigency Post-Settlement Activity		499,128	810,534
1402.	.....		
1403	.....		
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)		499,128	810,534
2901.	.....		
2902	.....		
2903	.....		
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	TOTALS (Line 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1	2
		Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33.	Capital and surplus prior reporting year	32,762,805	34,673,137
GAINS AND LOSSES TO CAPITAL & SURPLUS			
34.	Net income or (loss) from Line 32	(1,746,350)	(250,577)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Net unrealized capital gains and losses		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(262,534)	(2,964,661)
39.	Change in nonadmitted assets	263,171	5,330,324
40.	Change in unauthorized reinsurance		
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
44.1	Paid in		
44.2	Transferred from surplus (Stock Dividend)		
44.3	Transferred to surplus		
45.	Surplus adjustments:		
45.1	Paid in		
45.2	Transferred to capital (Stock Dividend)		
45.3	Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		(4,025,418)
48.	Net change in capital and surplus (Lines 34 to 47)	(1,745,713)	(1,910,332)
49.	Capital and surplus end of reporting year (Line 33 plus 48)	31,017,092	32,762,805
DETAILS OF WRITE-INS			
4701.	Correction of error to deferred tax calculation		(4,025,418)
4702.	.....	
4703	.....	
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above)		(4,025,418)

Report #2A: VOLUNTEER STATE HEALTH PLAN, INC STATEMENT OF REVENUES AND EXPENSES			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	-	-	(111)
REVENUES:			
1. TennCare Capitation	(15,461)	1,048,821	(3,418,182)
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	(15,461)	1,048,821	(3,418,182)
4. Investment	156,737	643,634	501,165
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	141,276	1,692,455	(2,917,017)
EXPENSES:			
Medical and Hospital Services:			
7. Capitated Physician Services	-	-	(222)
8. Fee-for Service Physician Services	129,354	365,833	(1,093,501)
9. Inpatient Hospital Services	137,913	603,765	(997,409)
10. Outpatient Services	(1,331)	1,834,342	(589,196)
11. Emergency Room Services	(2,036)	(40,559)	(44,137)
12. Mental Health Services	-	-	-
13. Dental Services	-	-	(15,681)
14. Vision Services	-	40	(556)
15. Pharmacy Services	-	(1,088)	66,871
16. Home Health Services	569	(85)	(80,199)
17. Chiropractic Services	-	-	-
18. Radiology Services	595	(14,648)	11,188
19. Laboratory Services	-	(1,611)	4,909
20. Durable Medical Services	4,701	31,420	(135,120)
21. Transportation Services	(2,368)	5,335	(170,318)
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	-
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	12,697	448,642	773,973
26. Subtotal (Lines 7 to 25)	280,094	3,231,386	(2,269,398)
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	(265)	(594)	(30,724)
29. Subrogation and Coordination of Benefits	210,988	859,439	1,712,239
30. Subtotal (Lines 27 to 29)	210,723	858,845	1,681,515
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	69,371	2,372,541	(3,950,913)
Administration:			
32. Compensation	116,035	1,603,552	1,300,468
33. Marketing	-	-	-
34. Interest Expense	-	-	-
35. Premium Tax Expense	(309)	20,977	(68,364)
36. Occupancy, Depreciation and Amortization	(9,365)	171,878	158,452
37. Other Administration (Provide Detail)	73,560	615,077	473,425
38. TOTAL ADMINISTRATION (Lines 32 to 37)	179,921	2,411,484	1,863,981
39. TOTAL EXPENSES (Lines 31 and 38)	249,292	4,784,025	(2,086,932)
40. Extraordinary Item			
41. Provision for Federal Income Taxes	(40,346)	(1,345,220)	(579,508)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	(67,670)	(1,746,350)	(250,577)
DETAILS OF WRITE-INS			
0501. GME, Meharry, & Essential Provider Payment Revenues	29,193,128	187,984,703	121,487,264
0502. GME, Meharry, Critical Access, and EPP Premium Taxes	(2,624,679)	(3,759,694)	(2,429,745)
0503. Critical Access Payments	(1,129,809)	(4,148,628)	(3,305,038)
0504. Meharry Payments	(2,479,456)	(4,940,605)	(7,403,256)
0505. GME Payments	-	(50,135,776)	(33,349,225)
0506. Essential Provider Payments (EPP)	(22,959,184)	(125,000,000)	(75,000,000)
0599. TOTALS	-	-	-
2501. Exigency Post-Settlement Activity	22,297	499,128	810,534
2502. Out of Area Claims	(2,207)	3,116	284
2503. PT/OT/ST, Supplies, Prosthetics, etc.	(133)	(5,370)	1,696
2504. Bad Debt Expense	(7,260)	(48,232)	(38,541)
2599. TOTALS	12,697	448,642	773,973
3701. Equipment	56,333	283,992	199,031
3702. Postage/Telephone	464	108,768	94,685
3703. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(24,337)	81,755	92,753
3704. Auditing, Actuarial, and Other Consulting	37,068	72,432	30,918
3705. Outsourced Services	3,899	37,053	28,985
3706. Printing and Stationary	133	31,077	27,053
3799. TOTALS	73,560	615,077	473,425

Report #2A: TennCare Select Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	1,394,665	5,591,880	4,176,117
REVENUES:			
1. TennCare Capitation	277,987,229	1,033,155,396	721,556,192
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	277,987,229	1,033,155,396	721,556,192
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	277,987,229	1,033,155,396	721,556,192
EXPENSES:			
Medical and Hospital Services:			
7. Capitated Physician Services	1,548,710	6,266,493	4,214,771
8. Fee-for Service Physician Services	78,581,117	297,710,776	211,910,391
9. Inpatient Hospital Services	75,337,038	286,869,203	192,306,728
10. Outpatient Services	42,631,147	157,717,918	87,466,779
11. Emergency Room Services	8,656,817	32,387,045	15,963,152
12. Mental Health Services	-	-	-
13. Dental Services	1,812	4,596	24,597
14. Vision Services	186,875	628,089	555,772
15. Pharmacy Services	(11,369)	(87,106)	53,643,132
16. Home Health Services	17,168,609	48,381,462	26,955,672
17. Chiropractic Services	-	-	-
18. Radiology Services	6,764,513	24,503,370	15,408,667
19. Laboratory Services	4,441,414	17,353,188	12,294,519
20. Durable Medical Services	5,821,313	21,765,166	12,041,982
21. Transportation Services	7,350,181	27,421,450	15,491,840
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	4,980
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	7,804,856	26,499,934	7,624,865
26. Subtotal (Lines 7 to 25)	256,283,033	947,421,584	655,907,847
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	470,603	1,824,785	1,129,894
29. Subrogation and Coordination of Benefits	573,029	1,950,657	1,878,092
30. Subtotal (Lines 27 to 29)	1,043,632	3,775,442	3,007,986
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	255,239,401	943,646,142	652,899,861
Administration:			
32. Compensation	11,431,340	46,678,998	36,514,090
33. Marketing	-		
34. Interest Expense	-		
35. Premium Tax Expense	5,559,745	20,663,108	14,431,124
36. Occupancy, Depreciation and Amortization	708,647	5,003,310	4,448,968
37. Other Administration (Provide Detail)	5,073,136	17,904,749	13,292,649
38. TOTAL ADMINISTRATION (Lines 32 to 37)	22,772,868	90,250,165	68,686,831
39. TOTAL EXPENSES (Lines 31 and 38)	278,012,269	1,033,896,307	721,586,692
40. Extraordinary Item			
41. Provision for Federal Income Taxes	(8,764)	(259,319)	(10,675)
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	(16,276)	(481,592)	(19,825)
DETAILS OF WRITE-INS			
2501. PT/OT/ST, Supplies, Prosthetics, etc.	5,361,765	17,649,455	7,245,554
2502. Out of Area Claims Expense	2,290,361	7,645,686	211,361
2503. Bad Debt Expense	152,730	1,204,793	167,950
2599. TOTALS	7,804,856	26,499,934	7,624,865
3701. Equipment Rental	2,872,427	8,266,942	5,588,338
3702. Postage/Telephone	599,888	3,166,211	2,658,529
3703. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(134,072)	2,379,876	2,604,276
3704. Auditing, Actuarial, and Other Consulting	1,270,505	2,108,488	868,091
3705. Outsourced Services	292,991	1,078,600	813,835
3706. Printing and Stationary	171,397	904,632	759,580
		-	-
3799. TOTALS	5,073,136	17,904,749	13,292,649

Report #2A: Stabilization Plan Only			
	Current Year		Previous Year
	Current Period	Year-to-date Total	Total
MEMBER MONTHS	791,428	3,206,490	3,179,425
REVENUES:			
1. TennCare Capitation	137,627,372	541,320,501	571,274,288
2. Adverse Selection	-	-	-
3. Total TennCare Revenue (Lines 1 and 2)	137,627,372	541,320,501	571,274,288
4. Investment	-	-	-
5. Other Revenue (Provide Detail)	-	-	-
6. TOTAL REVENUES (Lines 1 to 5)	137,627,372	541,320,501	571,274,288
EXPENSES:			
Medical and Hospital Services:			
7. Capitated Physician Services	1,206,015	4,893,967	7,301,171
8. Fee-for Service Physician Services	45,811,937	180,129,279	165,263,450
9. Inpatient Hospital Services	31,442,460	129,297,944	124,042,441
10. Outpatient Services	20,889,444	82,634,390	75,426,055
11. Emergency Room Services	3,994,357	15,575,889	12,475,319
12. Mental Health Services	-	-	-
13. Dental Services	588	2,461	26,938
14. Vision Services	87,233	319,896	341,961
15. Pharmacy Services	(408,470)	(516,148)	83,579,692
16. Home Health Services	6,346,469	19,747,940	11,771,567
17. Chiropractic Services	-	-	-
18. Radiology Services	3,537,478	13,646,789	11,359,958
19. Laboratory Services	2,896,619	11,184,824	10,101,301
20. Durable Medical Services	3,380,017	13,121,785	10,340,145
21. Transportation Services	2,925,159	10,929,500	9,362,461
22. Outside Referrals	-	-	-
23. Medical Incentive Pool and Withhold Adjustments	-	-	10,956
24. Occupancy, Depreciation, and Amortization	-	-	-
25. Other Medical and Hospital Services (Provide Detail)	3,189,306	11,959,524	4,834,032
26. Subtotal (Lines 7 to 25)	125,298,612	492,928,040	526,237,447
LESS:			
27. Reinsurance Expenses Net of Recoveries			
28. Copayments	323,406	1,238,149	1,269,346
29. Subrogation and Coordination of Benefits	352,297	1,303,557	1,605,039
30. Subtotal (Lines 27 to 29)	675,703	2,541,706	2,874,385
31. TOTAL MEDICAL AND HOSPITAL (Lines 26 minus line 30)	124,622,909	490,386,334	523,363,062
Administration:			
32. Compensation	6,808,577	27,735,988	24,554,902
33. Marketing	-		
34. Interest Expense	-		
35. Premium Tax Expense	2,752,547	10,826,410	11,425,486
36. Occupancy, Depreciation and Amortization	423,046	2,972,894	2,991,831
37. Other Administration (Provide Detail)	3,020,295	10,638,745	8,939,007
38. TOTAL ADMINISTRATION (Lines 32 to 37)	13,004,465	52,174,037	47,911,226
39. TOTAL EXPENSES (Lines 31 and 38)	137,627,374	542,560,371	571,274,288
40. Extraordinary Item			
41. Provision for Federal Income Taxes	(2)	(433,955)	-
42. NET INCOME/(LOSS) (Line 6 less Lines 39,40 and 41))	-	(805,915)	-
DETAILS OF WRITE-INS			
2501. PT/OT/ST, Supplies, Prosthetics, etc.	2,483,261	7,744,862	4,621,660
2502. Out of Area Claims Expense	676,163	2,796,950	149,930
2503. Bad Debt Expense	29,882	1,417,712	62,442
2599. TOTALS	3,189,306	11,959,524	4,834,032
3701. Equipment Rental	1,709,239	4,912,097	3,758,031
3702. Postage/Telephone	357,627	1,881,317	1,787,801
3703. Legal Fees, Books, Board and Assoc. fees, Collection fees, etc.	(78,504)	1,414,091	1,751,317
3704. Auditing, Actuarial, and Other Consulting	755,302	1,252,833	583,772
3705. Outsourced Services	174,452	640,888	547,286
3706. Printing and Stationary	102,179	537,519	510,800
		-	-
3799. TOTALS	3,020,295	10,638,745	8,939,007

CASH FLOW

		1	2
		Current Year	Prior Year
Cash from Operations			
1.	Premiums collected net of reinsurance	1,048,821	(3,418,182)
2.	Net investment income	755,938	1,190,059
3.	Miscellaneous income		
4.	Total (Lines 1 through 3)	1,804,759	(2,228,123)
5.	Benefit and loss related payments	2,372,541	(2,394,528)
6.	Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	4,153,857	3,257,166
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) \$..... net of tax on capital gains (losses)	(1,345,857)	347,357
10.	Total (Lines 5 through 9)	5,180,541	1,209,995
11.	Net cash from operations (Line 4 minus 10)	(3,375,782)	(3,438,118)
Cash from Investments			
12.	Proceeds from investments sold, matured or repaid:		
12.1	Bonds	17,449,457	4,000,000
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7	Miscellaneous proceeds	772,417	
12.8	Total investment proceeds (Lines 12.1 to 12.7)	18,221,874	4,000,000
13.	Cost of investments acquired (long-term only):		
13.1	Bonds	28,145,129	1,319,844
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	28,145,129	1,319,844
14.	Net increase (decrease) in policy loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(9,923,255)	2,680,156
Cash from Financing and Miscellaneous Sources			
16.	Cash provided (applied):		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits on deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	(1,601,783)	(4,146,162)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,601,783)	(4,146,162)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS			
18.	Net change in cash and short-term investments (Line 11, plus Lines 15 and 17)	(14,900,820)	(4,904,124)
19.	Cash and short-term investments:		
19.1	Beginning of year	25,239,878	30,144,002
19.2	End of year (Line 18 plus Line 19.1)	10,339,058	25,239,878

Supplemental Disclosures of Cash Flow Information for Non-Cash Transactions:

20.0001		
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ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
1.	Net premium income	1,048,821							1,048,821					
2.	Change in unearned premium reserves and reserve for rate credit ..													
3.	Fee-for-service (net of \$..... medical expenses)													X X X
4.	Risk revenue													X X X
5.	Aggregate write-ins for other health care related revenues													X X X
6.	Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7.	Total revenues (Lines 1 to 6)	1,048,821							1,048,821					
8.	Hospital/medical benefits	1,892,918							1,892,918					X X X
9.	Other professional services	20,501							20,501					X X X
10.	Outside referrals													X X X
11.	Emergency room and out-of-area	(37,218)							(37,218)					X X X
12.	Prescription drugs	(2,788)							(2,788)					X X X
13.	Aggregate write-ins for other hospital and medical	499,128							499,128					X X X
14.	Incentive pool, withhold adjustments and bonus amounts													X X X
15.	Subtotal (Lines 8 to 14)	2,372,541							2,372,541					X X X
16.	Net reinsurance recoveries													X X X
17.	Total hospital and medical (Lines 15 minus 16)	2,372,541							2,372,541					X X X
18.	Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19.	Claims adjustment expenses including \$.....258,852 cost containment expenses	1,266,410							1,266,410					
20.	General administrative expenses	1,145,074							1,145,074					
21.	Increase in reserves for accident and health contracts													X X X
22.	Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23.	Total underwriting deductions (Lines 17 to 22)	4,784,025							4,784,025					
24.	Net underwriting gain or (loss) (Line 7 minus Line 23)	(3,735,204)							(3,735,204)					
DETAILS OF WRITE-INS														
0501.	GME, Meharry, Critical Access, and EPP Revenues	187,984,703							187,984,703					X X X
0502.	GME, Meharry, Critical Access, and EPP Premium Taxes	(3,759,694)							(3,759,694)					X X X
0503.	Critical Access Payments	(4,148,628)							(4,148,628)					X X X
0598.	Summary of remaining write-ins for Line 5 from overflow page	(180,076,381)							(180,076,381)					X X X
0599.	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)													X X X
0601	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0602	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603	.....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698.	Summary of remaining write-ins for Line 6 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
1301.	Exigency Post-Settlement Activity	499,128							499,128					X X X
1302.	.....													X X X
1303	.....													X X X
1398.	Summary of remaining write-ins for Line 13 from overflow page													X X X
1399.	TOTALS (Lines 1301 through 1303 plus 1398) (Line 13 above)	499,128							499,128					X X X

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

		1	2	3	4
		Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Columns 1 + 2 - 3)
Line of Business					
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....
5.	Federal Employee Health Benefits Plan .....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....
7.	Title XIX - Medicaid	1,048,821	.....	.....	1,048,821
8.	Stop loss .....	.....	.....	.....	.....
9.	Disability income .....	.....	.....	.....	.....
10.	Long-term care .....	.....	.....	.....	.....
11.	Other health .....	.....	.....	.....	.....
12.	Health subtotal (Lines 1 through 11)	1,048,821	.....	.....	1,048,821
13.	Life .....	.....	.....	.....	.....
14.	Property/casualty .....	.....	.....	.....	.....
15.	TOTALS (Lines 12 to 14)	1,048,821	.....	.....	1,048,821

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - Claims Incurred During the Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Payments during the year:													
	1.1 Direct	2,372,541							2,372,541					
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net	2,372,541							2,372,541					
2.	Paid medical incentive pools and bonuses													
3.	Claim liability December 31, current year from Part 2A:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	Claim reserve December 31, current year from Part 2D:													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													
5.	Accrued medical incentive pools and bonuses, current year													
6.	Amounts recoverable from reinsurers December 31, current year													
7.	Claim liability December 31, prior year from Part 2A:													
	7.1 Direct													
	7.2 Reinsurance assumed													
	7.3 Reinsurance ceded													
	7.4 Net													
8.	Claim reserve December 31, prior year from Part 2D:													
	8.1 Direct													
	8.2 Reinsurance assumed													
	8.3 Reinsurance ceded													
	8.4 Net													
9.	Accrued medical incentive pools and bonuses, prior year													
10.	Amounts recoverable from reinsurers December 31, prior year													
11.	Incurred benefits:													
	11.1 Direct	2,372,541							2,372,541					
	11.2 Reinsurance assumed													
	11.3 Reinsurance ceded													
	11.4 Net	2,372,541							2,372,541					
12.	Incurred medical incentive pools and bonuses													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - Claims Liability End of Current Year

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1.	Reported in Process of Adjustment:													
	1.1 Direct													
	1.2 Reinsurance assumed													
	1.3 Reinsurance ceded													
	1.4 Net													
2.	Incurred but Unreported:													
	2.1 Direct													
	2.2 Reinsurance assumed													
	2.3 Reinsurance ceded													
	2.4 Net													
3.	Amounts Withheld from Paid Claims and Capitations:													
	3.1 Direct													
	3.2 Reinsurance assumed													
	3.3 Reinsurance ceded													
	3.4 Net													
4.	TOTALS													
	4.1 Direct													
	4.2 Reinsurance assumed													
	4.3 Reinsurance ceded													
	4.4 Net													

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE

		Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
		1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
Line of Business							
1.	Comprehensive (hospital and medical) .....	.....	.....	.....	.....	.....	.....
2.	Medicare Supplement .....	.....	.....	.....	.....	.....	.....
3.	Dental only .....	.....	.....	.....	.....	.....	.....
4.	Vision only .....	.....	.....	.....	.....	.....	.....
5.	Federal Employees Health Benefits Plan .....	.....	.....	.....	.....	.....	.....
6.	Title XVIII - Medicare .....	.....	.....	.....	.....	.....	.....
7.	Title XIX - Medicaid	1,909,105	463,436	.....	.....	1,909,105	.....
8.	Other health .....	.....	.....	.....	.....	.....	.....
9.	Health subtotal (Lines 1 to 8)	1,909,105	463,436	.....	.....	1,909,105	.....
10.	Other non-health .....	.....	.....	.....	.....	.....	.....
11.	Medical incentive pool and bonus amounts .....	.....	.....	.....	.....	.....	.....
12.	TOTALS (Lines 9 to 11)	1,909,105	463,436	.....	.....	1,909,105	.....

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	84,206	84,581	84,831	84,386	84,386
2.	2000	804,704	930,574	960,056	959,736	959,736
3.	2001	X X X	688,909	742,103	740,874	741,160
4.	2002	X X X	X X X	293,740	293,340	293,736
5.	2003	X X X	X X X	X X X		1,228
6.	2004	X X X	X X X	X X X	X X X	463

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	84,445	84,581	84,831	84,386	84,386
2.	2000	969,453	961,440	960,056	959,736	959,736
3.	2001	X X X	748,672	742,396	740,874	741,160
4.	2002	X X X	X X X	295,003	293,340	293,736
5.	2003	X X X	X X X	X X X		1,228
6.	2004	X X X	X X X	X X X	X X X	463

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	1,072,956	959,736	48,184	5.021	1,007,920	93.939			1,007,920	93.939
2.	2001	861,549	741,160	45,515	6.141	786,675	91.309			786,675	91.309
3.	2002	290,621	293,736	14,168	4.823	307,904	105.947			307,904	105.947
4.	2003		1,228			1,228				1,228	
5.	2004		463			463				463	

12 Total

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Hospital and Medical
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Medicare Supplement
Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

12 Dental Only

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

12 Vision Only

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Federal Employees Health Benefits Plan Premiums

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	N O N E				
2.	2000					
3.	2001					
4.	2002		X X			
5.	2003		X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	N O N E				
2.	2000					
3.	2001					
4.	2002		X X			
5.	2003		X X	X X X		
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000			N O N E							
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	84,206	84,581	84,831	84,386	84,386
2.	2000	804,704	930,574	960,056	959,736	959,736
3.	2001	X X X	688,909	742,103	740,874	741,160
4.	2002	X X X	X X X	293,740	293,340	293,736
5.	2003	X X X	X X X	X X X		1,228
6.	2004	X X X	X X X	X X X	X X X	463

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior	84,445	84,581	84,831	84,386	84,386
2.	2000	969,453	961,440	960,056	959,736	959,736
3.	2001	X X X	748,672	742,396	740,874	741,160
4.	2002	X X X	X X X	295,003	293,340	293,736
5.	2003	X X X	X X X	X X X		1,228
6.	2004	X X X	X X X	X X X	X X X	463

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000	1,072,956	959,736	48,184	5.021	1,007,920	93.939			1,007,920	93.939
2.	2001	861,549	741,160	45,515	6.141	786,675	91.309			786,675	91.309
3.	2002	290,621	293,736	14,168	4.823	307,904	105.947			307,904	105.947
4.	2003		1,228			1,228				1,228	
5.	2004		463			463				463	

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS (000 Omitted)

Other

Section A - Paid Health Claims

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section B - Incurred Health Claims

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
		1 2000	2 2001	3 2002	4 2003	5 2004
1.	Prior					
2.	2000	N O N E				
3.	2001					
4.	2002					
5.	2003					
6.	2004	X X X	X X X	X X X	X X X	

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in Which Premiums were Earned and Claims were Incurred		1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9/1) Percent
1.	2000				N O N E						
2.	2001										
3.	2002										
4.	2003										
5.	2004										

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Compre- hensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves												
2. Additional policy reserves (a)												
3. Reserve for future contingent benefits												
4. Reserve for rate credits or experience rating refunds (including \$#####) for investment income												
5. Aggregate write-ins for other policy reserves												
6. Totals (gross)												
7. Reinsurance ceded												
8. Totals (Net) (Page 3, Line 4)												
CLAIM RESERVE												
9. Present value of amounts not yet due on claims												
10. Reserve for future contingent benefits												
11. Aggregate write-ins for other claim reserves												
12. Totals (gross)												
13. Reinsurance ceded												
14. Totals (Net) (Page 3, Line 7)												
DETAILS OF WRITE-INS												
0501												
0502												
0503												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)												
1101												
1102												
1103												
1198. Summary of remaining write-ins for Line 11 from overflow page												
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)												

(a) Includes \$..... premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

		Claim Adjustment Expenses		3	4	5
		1	2			
		Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1.	Rent (\$..... for occupancy of own building)	454,741	2,324,231	2,273,704		5,052,676
2.	Salaries, wages and other benefits	6,530,527	33,378,247	32,652,633		72,561,407
3.	Commissions (less \$..... ceded plus \$..... assumed)					
4.	Legal fees and expenses	41,804	213,662	209,018		464,484
5.	Certifications and accreditation fees					
6.	Auditing, actuarial and other consulting services	308,938	1,579,018	1,544,691		3,432,647
7.	Traveling expenses	98,901	505,494	494,505		1,098,900
8.	Marketing and advertising					
9.	Postage, express and telephone	463,917	2,371,132	2,319,586		5,154,635
10.	Printing and office supplies	132,548	677,466	662,739		1,472,753
11.	Occupancy, depreciation and amortization	76,470	390,846	382,349		849,665
12.	Equipment	706,582	3,611,417	3,532,908		7,850,907
13.	Cost or depreciation of EDP equipment and software	504,701	2,579,583	2,523,506		5,607,790
14.	Outsourced services including EDP, claims, and other services	158,038	807,748	790,189		1,755,975
15.	Boards, bureaus and association fees	62,195	317,888	310,977		691,060
16.	Insurance, except on real estate	100,940	515,917	504,701		1,121,558
17.	Collection and bank service charges					
18.	Group service and administration fees					
19.	Reimbursements by uninsured accident and health plans	(9,937,130)	(51,105,240)	(80,916,630)		(141,959,000)
20.	Reimbursements from fiscal intermediaries					
21.	Real estate expenses	201,880	1,031,833	1,009,402		2,243,115
22.	Real estate taxes	42,823	218,874	214,116		475,813
23.	Taxes, licenses and fees:					
23.1	State and local insurance taxes					
23.2	State premium taxes			31,081,792		31,081,792
23.3	Regulator authority licenses and fees					
23.4	Payroll taxes	308,938	1,579,018	1,544,691		3,432,647
23.5	Other (excluding federal income and real estate taxes)	2,039	10,424	10,197		22,660
24.	Investment expenses not included elsewhere				290,737	290,737
25.	Aggregate write-ins for expenses					
26.	Total expenses incurred (Lines 1 to 25)	258,852	1,007,558	1,145,074	290,737	(a) 2,702,221
27.	Less expenses unpaid December 31, current year			506,143		506,143
28.	Add expenses unpaid December 31, prior year			83,253		83,253
29.	Amounts receivable relating to uninsured accident and health plans, prior year			1,340		1,340
30.	Amounts receivable relating to uninsured accident and health plans, current year			7,391		7,391
31.	Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30) ..	258,852	1,007,558	728,235	290,737	2,285,382
DETAILS OF WRITE-INS						
2501.	.....				
2502	.....				
2503	.....				
2598.	Summary of remaining write-ins for Line 25 from overflow page					
2599.	Totals (Lines 2501 through 2503 + 2598)(Line 25 above)					

(a) Includes management fees of \$.....111,782,544 to affiliates and \$..... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a)..... 533,998	..... 273,125
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a)..... 9,855	..... 166,120
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e)..... 520,562	..... 499,809
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income .....	..... 1,064,415	..... 939,054
11.	Investment expenses .....	.....	(g)..... 290,737
12.	Investment taxes, licenses and fees, excluding federal income taxes .....	.....	(g).....
13.	Interest expense .....	.....	(h).....
14.	Depreciation on real estate and other invested assets .....	.....	(i).....
15.	Aggregate write-ins for deductions from investment income .....	.....	.....
16.	Total deductions (Lines 11 through 15) .....	.....	..... 290,737
17.	Net Investment income (Line 10 minus Line 16) .....	.....	..... 648,317
DETAILS OF WRITE-INS			
0901	.....	.....	.....
0902	.....	.....	.....
0903	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....
1501.	.....	.....	.....
1502.	.....	.....	.....
1503	.....	.....	.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....	.....	.....
1599.	TOTALS (Lines 1501 through 1503 plus 1598) (Line 15, above) .....	.....	.....
(a) Includes \$..... accrual of discount less \$.....772,417 amortization of premium and less \$.....214,988 paid for accrued interest on purchases.			
(b) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued dividends on purchases.			
(c) Includes \$..... accrual of discount less \$..... amortization of premium and less \$..... paid for accrued interest on purchases.			
(d) Includes \$..... for company's occupancy of its own buildings; and excluding \$..... interest on encumbrances.			
(e) Includes \$..... accrual of discount less \$.....69,100 amortization of premium and less \$.....9,250 paid for accrued interest on purchases.			
(f) Includes \$..... accrual of discount less \$..... amortization of premium.			
(g) Includes \$..... investment expenses and \$..... investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.			
(h) Includes \$..... interest on surplus notes and \$..... interest on capital notes.			
(i) Includes \$..... depreciation on real estate and \$..... depreciation on other invested assets.			

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) on Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....	.....	.....	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....	.....	.....
1.2	Other bonds (unaffiliated) .....	..... (4,683)	.....	.....	..... (4,683)
1.3	Bonds of affiliates .....	.....	.....	.....	.....
2.1	Preferred stocks (unaffiliated) .....	.....	.....	.....	.....
2.11	Preferred stocks of affiliates .....	.....	.....	.....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....	.....	.....
3.	Mortgage loans .....	.....	.....	.....	.....
4.	Real estate .....	.....	.....	.....	.....
5.	Contract loans .....	.....	.....	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....	.....	.....
7.	Derivative instruments .....	.....	.....	.....	.....
8.	Other invested assets .....	.....	.....	.....	.....
9.	Aggregate write-ins for capital gains (losses) .....	.....	.....	.....	.....
10.	Total capital gains (losses) .....	..... (4,683)	.....	.....	..... (4,683)
DETAILS OF WRITE-INS					
0901	.....	.....	.....	.....	.....
0902	.....	.....	.....	.....	.....
0903	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....	.....	.....	.....
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	.....	.....	.....	.....

EXHIBIT OF NONADMITTED ASSETS

		1	2	3
		Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			
2.	Stocks (Schedule D):			
2.1	Preferred stocks			
2.2	Common stocks			
3.	Mortgage loans on real estate (Schedule B):			
3.1	First liens			
3.2	Other than first liens			
4.	Real estate (Schedule A):			
4.1	Properties occupied by the company			
4.2	Properties occupied by the production of income			
4.3	Properties held for sale			
5.	Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA)			
6.	Contract loans			
7.	Other invested assets (Schedule BA)			
8.	Receivable for securities			
9.	Aggregate write-ins for invested assets			
10.	Subtotals, cash and invested assets (Lines 1 to 9)			
11.	Invested income due and accrued			
12.	Premium and considerations:			
12.1	Uncollected premiums and agents' balances in the course of collection			
12.2	Deferred premiums, agents' balances and installments booked but deferred and not yet due			
12.3	Accrued retrospective premiums			
13.	Reinsurance:			
13.1	Amounts recoverable from reinsurers			
13.2	Funds held by or deposited with reinsured companies			
13.3	Other amounts receivable under reinsurance contracts			
14.	Amounts receivable relating to uninsured plans			
15.1	Current federal and foreign income tax recoverable and interest thereon			
15.2	Net deferred tax asset	374,079	637,250	263,171
16.	Guaranty funds receivable or on deposit			
17.	Electronic data processing equipment and software			
18.	Furniture and equipment, including health care delivery assets			
19.	Net adjustment in assets and liabilities due to foreign exchange rates			
20.	Receivable form parent, subsidiaries and affiliates			
21.	Health care and other amounts receivable			
22.	Other assets nonadmitted			
23.	Aggregate write-ins for other than invested assets			
24.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	374,079	637,250	263,171
25.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26.	Total (Lines 24 and 25)	374,079	637,250	263,171
DETAILS OF WRITE-INS				
0901	.....		
0902	.....		
0903	.....		
0998.	Summary of remaining write-ins for Line 9 from overflow page			
0999.	TOTALS (Lines 0901 through 0903 plus 0998) (Line 9 above)			
2301	.....		
2302	.....		
2303	.....		
2398.	Summary of remaining write-ins for Line 23 from overflow page			
2399.	TOTALS (Lines 2301 through 2303 plus 2398) (Line 23 above)			

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment		Total Members at End of					6
		1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	Current Year Member Months
1.	Health Maintenance Organizations .....	.....	.....	.....	.....	.....	.....
2.	Provider Service Organizations .....	.....	.....	.....	.....	.....	.....
3.	Preferred Provider Organizations .....	.....	.....	.....	.....	.....	.....
4.	Point of Service .....	.....	.....	.....	.....	.....	.....
5.	Indemnity Only .....	.....	.....	.....	.....	.....	.....
6.	Aggregate write-ins for other lines of business .....	.....	.....	.....	.....	.....	.....
7.	TOTAL .....	.....	.....	.....	.....	.....	.....
DETAILS OF WRITE-INS							
0601	.....	.....	.....	.....	.....	.....	.....
0602	.....	.....	.....	.....	.....	.....	.....
0603	.....	.....	.....	.....	.....	.....	.....
0698.	Summary of remaining write-ins for Line 6 from overflow page .....	.....	.....	.....	.....	.....	.....
0699.	TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above) .....	.....	.....	.....	.....	.....	.....

NONE

EXHIBIT 2 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0599999 Accident and health premiums due and unpaid (Page 2, Line 12)

EXHIBIT 3 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
NONE						
0799999 Gross health care receivables

EXHIBIT 4 - CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)
Aging Analysis of Unpaid Claims

1 Account	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 91 - 120 Days	6 Over 120 Days	7 Total
<div>NONE</div>						
0899999 Accrued Medical Incentive Pool and Bonus Amounts

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

1 Name of Affiliate	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	Admitted	
						7 Current	8 Non-Current
Individually listed receivables							
BlueCross BlueShield of Tennessee, Inc.	331,214					331,214	
0199999 Total - Individually listed receivables	331,214					331,214	
0299999 Receivables not individually listed							
0399999 Total gross amounts receivable	331,214					331,214	

EXHIBIT 6 - AMOUNTS DUE TO PARENT, SUBSIDIARIES AND AFFILIATES

1	2	3	4	5
Affiliate	Description	Amount	Current	Non-Current
Individually listed payables				
BlueCross BlueShield of Tennessee, Inc.	ITS Claims	651,396	651,396	
0199999 Total - Individually listed payables	X X X	651,396	651,396	
0299999 Payables not individually listed	X X X			
0399999 Total gross payables	X X X	651,396	651,396	

EXHIBIT 7 - PART 1 - SUMMARY OF TRANSACTIONS WITH PROVIDERS

	1	2	3	4	5	6
Payment Method	Direct Medical Expense Payment	Column 1 as a % of Total	Total Members Covered	Column 3 as a % of Total	Column 1 Expenses Paid to Affiliated Providers	Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries	(905)	(0.038)				(905)
3. All other providers						
4. Total capitation payments	(905)	(0.038)				(905)
Other Payments:						
5. Fee-for-service			X X X	X X X		
6. Contractual fee payments	2,373,446	100.038	X X X	X X X		2,373,446
7. Bonus/withhold arrangements - fee-for-service			X X X	X X X		
8. Bonus/withhold arrangements - contractual fee payments			X X X	X X X		
9. Non-contingent salaries			X X X	X X X		
10. Aggregate cost arrangements			X X X	X X X		
11. All other payments			X X X	X X X		
12. Total other payments	2,373,446	100.038	X X X	X X X		2,373,446
13. Total (Line 4 plus Line 12)	2,372,541	100.000	X X X	X X X		2,372,541

EXHIBIT 7 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

1	2	3	4	5	6
NAIC Code	Name of Intermediary	Capitation Paid	Average Monthly Capitation	Intermediary's Total Adjusted Capital	Intermediary's Authorized Control Level RBC
.....	Tennessee Health Partnership	182			
.....	Caremark	(1,087)			
9999999		(905)	X X X	X X X	X X X

EXHIBIT 8 - FURNITURE, EQUIPMENT AND SUPPLIES OWNED

		1	2	3	4	5	6
Description		Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1.	Administrative furniture and equipment .....	.....	.....	.....	.....	.....	.....
2.	Medical furniture, equipment and fixtures	N O N E		.....	.....	.....	.....
3.	Pharmaceuticals and surgical supplies .....			.....	.....	.....	.....
4.	Durable medical equipment .....			.....	.....	.....	.....
5.	Other property and equipment .....			.....	.....	.....	.....
6.	Total .....	.....	.....	.....	.....	.....	.....

Notes to Financial Statement

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Volunteer State Health Plan, Inc. (VSHP) (the Company) are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance (TDCI).

The TDCI, TennCare Division, recognizes only statutory accounting practices prescribed or permitted by the State of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Tennessee. The Commissioner of Insurance has the right to permit specific practices that deviate from prescribed practices.

In 2004 VSHP accepted the risk for uninsured claims overpayments for which the Company has determined the State is not responsible. At the direction of the TDCI, TennCare Division, the Company recorded the uninsured claims overpayments as claims expense instead of reporting the net gain/(loss) in the general administrative expense line of the current year column as required by NAIC SAP.

The Company, at the direction of the Commissioner of Insurance of the State of Tennessee, records premium and claims equivalents for the uninsured Exigency period (July 1, 2000 – June 30, 2001), instead of reporting the net gain/(loss) in the general administrative expense line of the current year column as required by NAIC SAP. If premium equivalents were not recorded, there would be no change in revenues and investment income and claims would be decreased \$101,346 YTD. The Exigency agreement with the State allowed VSHP to retain 1/3 of any gain and the State to receive 2/3 of any gain. The State covers any claims losses. A cash settlement of \$55,681,476 was made on December 20, 2002 for the 2/3 calculated gain settlement plus all December 2001 thru November 2002 activity. During 2003 and 2004 activity was settled monthly on a cash basis.

At the request of the TDCI, TennCare Division, VSHP no longer reports for ASOs the receivables and associated payables to the State of Tennessee for pharmacy rebates, investment interest income, and premium taxes. The rationale behind the exclusion is these assets have no economic benefit to VSHP.

The TDCI, TennCare Division, allows a prescribed practice of admitting the most current 90 days of Health Care Receivables (per Tennessee Code Annotated (TCA) §56-32-212 (a) 5D).

A reconciliation of the Company's net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Tennessee is shown below:

	<u>2004</u>	<u>2003</u>
(1) Net Income Tennessee state basis	\$ (1,746,350)	\$ (250,577)
(2) Tennessee Prescribed Practices (Income):		
Admission of Health Care Receivables	<u>0</u>	<u>0</u>
(3) Net Income, NAIC SAP	<u>\$ (1,746,350)</u>	<u>\$ (250,577)</u>
(4) Statutory Surplus, State of Tennessee	\$ 31,017,092	\$ 32,762,805
(5) Tennessee Prescribed Practices (Surplus):		
Admission of Health Care Receivables	<u>0</u>	<u>(53)</u>
(6) Statutory Surplus, NAIC SAP	<u>\$ 31,017,092</u>	<u>\$ 32,762,752</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums reflect losses in excess of the \$33M loss limit for the contract period July 1, 2001 through June 30, 2002. These losses are underwritten by the State of Tennessee. Administrative fees are recorded based on remittance information from the State of Tennessee. Medical claims and related expenses (hospitalization and other outside medical services) reflect run-out expense incurred in periods prior to the current contractual ASO arrangement.

In accordance with Tennessee Code Annotated (TCA) §56-11-206(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the

Notes to Financial Statement

preceding year. The Company may currently pay dividends of \$3,276,281 to the Parent based on the 2003 net worth. Any material dividend distributions require approval by the TDCI.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the scientific amortization method.
- (3) The Company does not hold common stock.
- (4) The Company does not hold preferred stock.
- (5) The Company does not hold mortgage loans.
- (6) The Company does not hold loan-backed securities.
- (7) The Company does not hold investments in subsidiaries, controlled and affiliated companies.
- (8) The Company does not hold investments in joint ventures, partnerships or limited liability companies.
- (9) The Company does not carry derivatives.
- (10) The Company uses anticipated investment income as a factor in the premium deficiency calculation.
- (11) The Company has no estimated unpaid claims and claims adjustment expenses thus no liability has been established for this. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (12) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

A. Disclosure of material changes in accounting principles and/or correction of errors.

During the preparation of the 2003 Annual Statement an error was discovered in the application of the GAAP to SAP difference in Deferred Tax Assets. For the periods 2001 and 2002 this difference was recorded as an amount due to or from the parent. The difference should have been an increase or decrease to surplus. The correction of \$4,025,418 was reflected as a reduction to surplus in the aggregate write-ins on page 5, line 4701 of the 2003 Annual Statement. The TDCI, TennCare Division, determined that this correction did not affect VSHP's ability to meet its statutory minimum net worth in any of the prior three years and thus no restatement of prior years financials was required.

B. Initial Implementation of Codification:

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Tennessee. Effective January 1, 2001, the State of Tennessee required that insurance companies domiciled in the State of Tennessee prepare their statutory basis financial statements in accordance with the NAIC *Accounting Practices and Procedures* manual - Version effective January 1, 2001 subject to any deviations prescribed or permitted by the State of Tennessee Insurance Commissioner.

Accounting changes adopted to conform to the provisions of the NAIC *Accounting Practices and Procedures* manual - Version effective January 1, 2001 are reported as changes in accounting principles. The cumulative effect of changes in accounting principles is reported as an adjustment to unassigned funds (surplus) in the period of the change in accounting principle. The cumulative effect is the difference between the amount of capital and surplus at the beginning of the year and the amount of capital and surplus that would have been reported at that date if the new accounting principles had been applied retroactively for all prior periods. The Company reported a change of accounting principle, as an adjustment that decreased unassigned funds (surplus), in the amount of \$7,517,047 as of January 1, 2001 related to health care receivables and deferred tax assets.

3. Business Combinations and Goodwill

A. Statutory Purchase Method

Not Applicable

Notes to Financial Statement

- B.

Statutory Merger

Not Applicable
- C.

Assumption Reinsurance

Not Applicable
- D.

Impairment Loss

Not Applicable
4.

Discontinued Operations

Not Applicable
5.

Investments

A.

Mortgage Loans

Not Applicable

B.

Debt Restructuring

Not Applicable

C.

Reverse Mortgages

Not Applicable

D.

Loan-Backed Securities

Not Applicable

E.

Repurchase Agreements

Not Applicable

F.

Real Estate

Not Applicable

6.

Joint Ventures, Partnerships and Limited Liability Companies

Not Applicable

7.

Investment Income

A.

No investment income due and accrued was excluded from surplus.

B.

The total amount excluded was \$ 0.

8.

Derivative Instruments

Not Applicable

9.

Income Taxes

A.

The components of the net DTA recognized in the Company’s Assets, Liabilities, Surplus, and Other Funds are as follows:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
(1) Total gross deferred tax assets (admitted and nonadmitted)	\$ 374,079	\$ 637,250
(2) Total of deferred tax liabilities	<u>0</u>	<u>0</u>
(3) Net deferred tax assets	374,079	637,250
(4) Deferred tax assets nonadmitted	<u>374,079</u>	<u>637,250</u>
(5) Net admitted deferred tax assets	<u>\$ 0</u>	<u>\$ 0</u>
(6) Increase (decrease) in nonadmitted asset	<u>\$ (263,171)</u>	<u>\$ (335,524)</u>

Notes to Financial Statement

- B. Deferred tax liabilities are not recognized for the following amounts:
- (1) Policyholder Surplus - Not Applicable
 - (2) Foreign Subsidiaries - Not Applicable
- C. The provisions for incurred taxes on earnings for the years ended December 31, 2004 and December 31, 2003 are:

	2004	2003
Federal	\$(1,345,220)	\$ (579,508)
Foreign	<u>0</u>	<u>0</u>
	(1,345,220)	(579,508)
Federal income tax on capital gains	0	0
Utilization of capital loss carry-forwards	<u>0</u>	<u>0</u>
Federal and foreign income taxes incurred	<u>\$(1,345,220)</u>	<u>\$ (579,508)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

	December 31, 2004	December 31, 2003
Deferred tax assets:		
Loss Reserve Discounting	\$ 0	\$ 1,309
Receivables	374,079	390,941
Contingency	<u>0</u>	<u>245,000</u>
Total deferred tax assets	374,079	637,250
Nonadmitted deferred tax assets	<u>(374,079)</u>	<u>(637,250)</u>
Admitted deferred tax assets	0	0
Deferred tax liabilities:		
Other Liabilities		
Total deferred tax liabilities	<u>0</u>	<u>0</u>
Net admitted deferred tax asset	<u>\$ 0</u>	<u>\$ 0</u>

- D. The provision for federal and foreign income taxes incurred is different from that which would be obtained by applying the statutory Federal income tax rate to income before taxes. The significant items causing this difference are as follows:

	December 31, 2004	Effective Tax Rate
Provision computed at statutory rate	\$ (1,082,049)	(35.0)%
Contingency	(245,000)	(7.9)%
Receivables	(16,881)	(0.5)%
True-up of prior year tax return	<u>(1,290)</u>	<u>(0.0)%</u>
Total	<u>\$(1,345,220)</u>	<u>(43.4)%</u>
Federal and foreign income taxes incurred	\$ (1,082,049)	(35.0)%
Change in net deferred income taxes	<u>(263,171)</u>	<u>(8.4)%</u>
Total statutory income taxes	<u>\$(1,345,220)</u>	<u>(43.4)%</u>

- E. The Company has no net capital loss carry-forwards.
- F. The Company’s federal Income Tax return is consolidated with the following entities:

BlueCross BlueShield of Tennessee, Inc.
Tennessee Health Care Network, Inc.
Golden Security Insurance Company
Group Insurance Services, Inc.
Southern Diversified Business Services, Inc.
RiverTrust Solutions, Inc.
Security Care, Inc.
Riverbend Government Benefits Administrator, Inc.

The method of tax allocation between members of the affiliated group is subject to written agreement, approved by the Board of Directors. Allocation is based upon a percentage calculation. Intercompany tax balances are settled monthly.

10. Information Concerning Parent, Subsidiaries and Affiliates

- A. The Company is a wholly owned subsidiary of BlueCross BlueShield of Tennessee, Inc. (The Parent).
- The Parent owns 100% of Southern Diversified Business Services, Inc. (**SDBS**), and has a 99% interest in GDRG, LLC (**GDRG**). Tennessee Health Foundation, Inc. (**THF**) is an affiliate of the Parent.

Notes to Financial Statement

GDRG, LLC (**GDRG**) is a limited liability company whose primary purpose is to acquire, own, hold, maintain, operate, and develop real property. Tennessee Health Foundation, Inc. (**THF**), for which the Parent appoints the board of directors, was created in 2003 as a not-for-profit public benefit corporation for the promotion of charitable activities and operates as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code.

Also owned by the Parent but not yet, or never, capitalized and therefore not included on Schedule Y are Capstone Government Solutions, LLC and Riverbend Government Benefits Administrator, Inc. (**RGBA**). Capstone Government Solutions, LLC was incorporated in 2004 as a joint venture with Cigna for the purpose of bidding on and operating Medicare programs in the future. **RGBA** was chartered and incorporated by the State of Tennessee effective October 25, 2002 but was never activated and received a certificate of Administrative Dissolution effective September 19, 2003.

Tennessee Health Care Network, Inc. (**THCN**), previously a wholly owned subsidiary of the Parent, and shown on Schedule Y of the 2003 Annual Statement as having discontinued operations, was officially dissolved in 2004. **THCN** notified the Tennessee Department of Insurance (**TDCI**) in 2001 of its decision to cease writing new business. All existing contractual obligations as of that notification were honored, and all contracts for health care coverage terminated as of December 31, 2002.

Southern Diversified Business Services, Inc. (**SDBS**), a wholly owned subsidiary of the Parent, owns 100% of Group Insurance Services, Inc. (**GIS**), Golden Security Insurance Company (**GSI**), and has a 10% interest in USABLE Life, Inc. Southern Health Plan, Inc. (**SHP**) is an affiliate of **SDBS**.

Group Insurance Services, Inc. (**GIS**) is an insurance agency. Golden Security Insurance Company (**GSI**), which changed its name from Golden Security Life Insurance Company effective July 15, 2003, is an inactive life insurance carrier. **GSI** is licensed to provide health, term life, and disability insurance coverage to its policyholders. Southern Health Plan, Inc. (**SHP**), which does business as BlueCross BlueShield of Tennessee Community Trust and for which the Parent appoints the board of directors, is a tax-exempt entity operating under Section 501(c)(4) of the Internal Revenue Code. Created in 1999, **SHP** was established for the purpose of supporting those programs that improve the quality of life, especially as it relates to health care, for the people of Tennessee.

Also owned by **SDBS** but not yet capitalized and therefore not included on Schedule Y are Security Care, Inc. and RiverTrust Solutions, Inc. (**RTS**). Security Care, Inc. was incorporated in 2004 as a wholly owned subsidiary of **SDBS** to bid on an RFP to manage Medicare's Chronic Care Improvement Program (**CCIP**). **RTS** was established in 2003 as a wholly owned subsidiary of **SDBS** in order to create an entity that could become a Qualified Independent Contractor (**QIC**) for the purpose of bidding on future Medicare appeals workloads.

Advanced Insurance Services, Inc. (**AIS**), previously a wholly owned subsidiary of **SDBS** providing administrative services to self-funded groups, is now inactive. **AIS** was dissolved effective February 7, 2003 under the State of Tennessee's Articles of Termination of Corporate Existence.

In 2003, **SDBS** made a cash purchase of \$4,500,000 for 4,500,000 shares of preferred stock of HA Holdings, Inc., a specialty mail order pharmacy for Medicaid subscribers in Illinois, Texas, Mississippi and Florida. In 2004, **SDBS** invested an additional \$1,430,240. By December 31, 2004, **SDBS** had relinquished all shares of HA Holdings, Inc. for a consideration of \$10.00.

- B. The Company has an administrative service agreement with the Parent, which delegates the performance of administrative services to the Parent in exchange for a fee. A tax sharing agreement also exists and is allocated on a percentage calculation. These amounts are booked and settled on a monthly basis.
- C. The Company paid \$112,348,581 and \$91,727,964 in 2004 and 2003 to the Parent for services performed under the administrative services agreement.
- D. At December 31, 2004, the Company reported \$320,182 as amounts due to the Parent. At December 31, 2003, the Company reported \$77,581 as amounts due from the Parent. These amounts are settled monthly.
- E. Guarantees or undertakings for the benefit of an affiliate

Not Applicable
- F. The Company has an administrative services contract with the Parent, under which the Parent receives a fee to provide all administrative services.
- G. All outstanding shares of the Company are owned by the Parent, BlueCross BlueShield of Tennessee, Inc., an insurance holding company domiciled in the State of Tennessee.

Notes to Financial Statement

- H.

Amount deducted from the value of an upstream intermediate entity

Not Applicable
- I.

Investment in SCA in excess of 10% of admitted assets

Not Applicable
- J.

Investment in impaired SCA entity

Not Applicable
11.

Debt

Not Applicable
12.

Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

The Company has no employees. All personnel services are provided by employees of the Parent through an administrative service agreement. The Parent pays all compensation and funds benefit and retirement plans. All disclosures of retirement plans are included in the Parent’s annual statement.

A.

Defined Benefit Plan

Not Applicable

B.

Defined Contribution Plan

Not Applicable

C.

Multiemployer Plans:

Not Applicable

D.

Consolidated/Holding Company Plans

Not Applicable

E.

Postemployment Benefits and Compensated Absences

Not Applicable
13.

Capital and Surplus, Shareholders’ Dividend Restrictions and Quasi-Reorganizations.

(1)

The Company has 1,000 shares authorized, 1,000 shares issued and outstanding of common stock. Par or stated value is \$100 per share.

(2)

The Company has no preferred stock outstanding.

(3)

In accordance with Tennessee Code Annotated (TCA) §56-11-206(b) the maximum amount of dividends which can be paid by State of Tennessee insurance companies to shareholders without prior approval of the Insurance Commissioner is subject to restrictions relating to the greater of ten percent (10%) of net worth of the preceding December 31 or the net gain from operations for the preceding year. The company may currently pay dividends of \$3,276,281 to the Parent based on the 2003 net worth.

(4)

Within the limitations of (3) above, there are no other restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.

(5)

The State of Tennessee requires the Company to hold a statutory deposit. The Company’s statutory deposit equaled \$7,400,000 at 12/31/04.

(6)

For mutuals, total amount of advances to surplus not repaid

Not Applicable

(7)

Total stock held for special purposes

Not Applicable

(8)

Description of changes in any special surplus fund

Not Applicable

Notes to Financial Statement

- (9)

The portion of unassigned funds (surplus) represented or reduced by each item below is as follows:

a.

unrealized gains and losses:

Not Applicable

b.

nonadmitted asset values:

\$ 374,079

c.

separate account business

Not Applicable

d.

asset valuation

Not Applicable

e.

provision for reinsurance:

Not Applicable
- (10)

The Company issued no surplus debentures or similar obligations.
- (11)

Impact of the restatement in a quasi-reorganization

Not Applicable
- (12)

Effective date of a quasi-reorganization

Not Applicable
14.

Contingencies

A.

Contingent Commitments

Not Applicable

B.

Assessments

Not Applicable

C.

Gain Contingencies

Not Applicable

D.

All Other Contingencies

Various lawsuits against the Company have arisen in the course of the Company’s business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.
15.

Leases

A.

Disclosures related to lessee leasing arrangements

Not Applicable

B.

Disclosures related to lessor leasing arrangements

Not Applicable
16.

Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

(1)

The Company has no financial instruments with off-balance sheet risk.

(2)

The Company does not use swaps, futures or options.

(3)

The Company has no financial instruments with off-balance sheet risk, and no counterparty exposure.

(4)

The Company has no financial instruments subject to credit risk and therefore is not required to post collateral.
17.

Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

A.

Transfers of Receivables Reported as Sales

Not Applicable

B.

Transfer and Servicing of Financial Assets

Not Applicable

C.

Wash Sales

Not Applicable

Notes to Financial Statement

18. Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

A. ASO Plans

TennCareSM Select, effective July 1, 2001, and the Stabilization Plan, effective July 1, 2002, are ASO arrangements with the State. The administrative fees received are equivalent to the expenses recorded. Per an Administrative Service Agreement, these expenses are paid to the Parent, who records any gain or (loss) on their books. TennCareSM Select is reported on the supplemental income statement (Report #2A, p. 5.2). The Stabilization Plan is reported on the supplemental income statement (Report #2A, p. 5.3). Cash and invested assets related to TennCareSM Select and the Stabilization Plan are reported in their appropriate categories on the balance sheet. Other assets related to TennCareSM Select and the Stabilization Plan are netted on p. 2, line 14, with the exception of those assets deemed to have no economic benefit to VSHP. Liabilities for the ASO plans are netted on page 3, line 20 in the category labeled “Liability for amounts held under uninsured accident and health plans”, excluding any ‘due to/from’ transactions occurring between the ASO, insured business, and the Parent.

The loss from operations from Administrative Services Only (ASO) uninsured plans and the uninsured portion of partially insured plans was as follows during 2004:

	(1)	(2)	(3)
	ASO	Uninsured	
	Uninsured	Portion of	Total
	<u>Plans</u>	<u>Partially Insured</u>	<u>ASO</u>
a. Net reimbursement for Administrative Expenses (including Administrative Fees) in excess of actual expenses	\$ (36,500)	\$ 0	\$ (36,500)
b. Total Net Other Income or Expenses (including interest paid to or received from plans)	<u>(1,944,281)</u>	<u>0</u>	<u>(1,944,281)</u>
c. Net Gain or (Loss) from operations	<u>\$ (1,980,781)</u>	<u>\$ 0</u>	<u>\$ (1,980,781)</u>
d. Total Claims Payment Volume	\$ 1,413,026,050	\$ 0	\$ 1,413,026,050

B. ASC Plans

The Company operated under an Exigency agreement with the State for the period July 1, 2000 through June 30, 2001. At the direction of the TDCI, premium and claims equivalents are disseminated throughout the NAIC filing.

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract:

Not Applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators.

Not Applicable

20. September 11 Events

The Company has not incurred material losses as a result of the September 11 events.

21. Other Items

A. Extraordinary Items

Not Applicable

B. Troubled Debt Restructuring

Not Applicable

C. Other Disclosures

Assets in the amount of \$7,400,000 and \$6,750,000 at December 31, 2004 and 2003, respectively, were on deposit with government authorities or trustees as required by law.

The Company elected to use rounding in reporting amounts in the statement.

Pharmacy payments reported on Line 2 of Exhibit 7 reflect run-out claims only. Per discussions with the Department of Insurance, TennCare Division, because the Company’s pharmacy arrangement does not ‘fit’ any of the line descriptions, the State felt this would be the best reporting

Notes to Financial Statement

option. Pharmacy is not capitated. The Company does have a closed formulary for drugs. Drugs are reimbursed at average wholesale price less discount and are eligible for rebates.

- D.

Uncollectible premium balances

Not Applicable
- E.

The Company reported the following non-cash investing and financing activities in 2004.

Not Applicable
- F.

Business Interruption Insurance Recoveries

Not Applicable
22.

Events Subsequent

The Governor of the State of Tennessee has announced that the State of Tennessee will return to a traditional Medicaid program in 2005. As a result, members determined by the State to be ineligible for Medicaid will be removed from the TennCareSM roll. The Governor’s announcement has been met with many legal issues, and as of this writing, the Company is unsure if this change will take place or how it will impact the Company.
23.

Reinsurance

A.

Ceded Reinsurance Report

Not Applicable

B.

Uncollectible Reinsurance

Not Applicable

C.

Commutation of Ceded Reinsurance

Not Applicable
24.

Retrospectively Rated Contracts and Contracts Subject to Redetermination

A.

The Company does not accrue retrospective premium adjustments.

B.

No premiums are subject to retrospective rating.
25.

Change in Incurred Claims and Claim Adjustment Expenses

Incurred claims for 2003 and prior totaled \$1,909,105. This amount included additional payments to providers offset by credits.
26.

Intercompany Pooling Arrangements

Not Applicable
27.

Structured Settlements

Not Applicable

Notes to Financial Statement

28. Health Care Receivables

A. Pharmaceutical Rebate Receivables

Pharmacy rebate receivables are based on pharmacy utilization during the quarter as well as past experience of rebates received. Confirmations are received on a 6 to 7 month lag. At the request of the TDCI, TennCare Division, the Company no longer reports pharmacy rebate receivables for ASO business as these are contractually the property of the State. Therefore the chart below does not contain information related to ASO business. Pharmacy was carved out for MCOs July 1, 2002. As a result, no rebates have been incurred since June 30, 2002. The chart following is prepared on an incurred basis.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/ Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/ Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/ Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/ Confirmation
12/31/03	0	0	0	0	0
09/30/03	0	0	0	0	0
06/30/03	0	0	0	0	0
03/31/03	0	0	0	0	0
12/31/02	0	0	0	0	0
09/30/02	0	0	0	0	0
06/30/02	3,685,177	3,567,551	2,140,531	1,427,020	1,442
03/31/02	3,480,623	3,133,657	1,880,194	1,253,463	(22,339)

B. Risk Sharing Receivables

Not Applicable

29. Participating Policies

Not Applicable

30. Premium Deficiency Reserve

As of December 31, 2004, the Company had liabilities of \$0 related to premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Not Applicable

SUMMARY INVESTMENT SCHEDULE

Investment Categories		Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
		1 Amount	2 Percentage	3 Amount	4 Percentage
1.	Bonds:				
1.1	U.S. treasury securities	15,571,235	42.092	15,571,235	42.092
1.2	U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21	Issued by U.S. government agencies				
1.22	Issued by U.S. government sponsored agencies				
1.3	Foreign government (including Canada, excluding mortgage-backed securities)				
1.4	Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41	States, territories and possessions general obligations				
1.42	Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43	Revenue and assessment obligations				
1.44	Industrial development and similar obligations				
1.5	Mortgage-backed securities (includes residential and commercial MBS):				
1.51	Pass-through securities:				
1.511	Issued or Guaranteed by GNMA				
1.512	Issued or Guaranteed by FNMA and FHLMC				
1.513	All other				
1.52	CMOs and REMICs:				
1.521	Issued or guaranteed by GNMA, FNMA or FHLMC or VA				
1.522	Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523	All other				
2.	Other debt and other fixed income securities (excluding short term):				
2.1	Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	11,082,868	29.959	11,082,868	29.959
2.2	Unaffiliated foreign securities				
2.3	Affiliated securities				
3.	Equity interests:				
3.1	Investments in mutual funds				
3.2	Preferred stocks:				
3.21	Affiliated				
3.22	Unaffiliated				
3.3	Publicly traded equity securities (excluding preferred stocks):				
3.31	Affiliated				
3.32	Unaffiliated				
3.4	Other equity securities:				
3.41	Affiliated				
3.42	Unaffiliated				
3.5	Other equity interests including tangible personal property under lease:				
3.51	Affiliated				
3.52	Unaffiliated				
4.	Mortgage loans:				
4.1	Construction and land development				
4.2	Agricultural				
4.3	Single family residential properties				
4.4	Multifamily residential properties				
4.5	Commercial loans				
4.6	Mezzanine real estate loans				
5.	Real estate investments:				
5.1	Property occupied by company				
5.2	Property held for production of income (includes \$..... of property acquired in satisfaction of debt)				
5.3	Property held for sale (\$..... including property acquired in satisfaction of debt)				
6.	Policy loans				
7.	Receivables for securities				
8.	Cash, cash equivalents and short-term investments	10,339,058	27.949	10,339,058	27.949
9.	Other invested assets				
10.	Total invested assets	36,993,161	100.000	36,993,161	100.000

GENERAL INTERROGATORIES
PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes[X] No[]
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes[X] No[] N/A[]
Tennessee
- 1.3 State Regulating?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes[] No[X]
- 2.2 If yes, date of change:
If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2002
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2002
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

12/10/2003
- 3.4 By what department or departments?
Tennessee Department of Commerce and Insurance
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes[] No[X]
- 4.12 renewals?

Yes[] No[X]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes[] No[X]
- 4.22 renewals?

Yes[] No[X]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes[] No[X]
- 5.2 If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

- 6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action either formal or informal, if a confidentiality clause is part of the agreement)

Yes[] No[X]
- 6.2 If yes, give full information:
- 7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes[] No[X]
- 7.2 If yes,
- 7.21 State the percentage of foreign control

 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact)

1	2
Nationality	Type of Entity

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes[] No[X]
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?

Yes[] No[X]
- 8.4 If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC
		Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]	Yes[] No[X]

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Ernst & Young - Republic Centre, Suite 1500 - 633 Chestnut Street - Chattanooga, TN 37450
10. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Betty Anne Neal, FSA, MAAA - Vice President of Actuarial Services - BlueCross BlueShield of Tennessee, Inc.
11. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?
N/A
- 11.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes[X] No[]
- 11.3 Have there been any changes made to any of the trust indentures during the year?

Yes[] No[X]
- 11.4 If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes[] No[] N/A[X]

BOARD OF DIRECTORS

12. Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes[X] No[]
13. Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes[X] No[]
14. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or is likely to conflict with the official duties of such person?

Yes[X] No[]

GENERAL INTERROGATORIES (Continued)
FINANCIAL

15.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers

15.12 To stockholders not officers

15.13 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

15.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers

15.22 To stockholders not officers

15.23 Trustees, supreme or grand (Fraternal only)

\$
\$
\$

16.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?

Yes[] No[X]

16.2 If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others

16.22 Borrowed from others

16.23 Leased from others

16.24 Other

\$
\$
\$
\$

Disclose in Notes to Financial the nature of each obligation.

17.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes[] No[X]

17.2 If answer is yes:

17.21 Amount paid as losses or risk adjustment

17.22 Amount paid as expenses

17.23 Other amounts paid

\$
\$
\$

INVESTMENT

18. List the following capital stock information for the reporting entity:

	1	2	3	4	5	6
Class	Number of Shares Authorized	Number of Shares Outstanding	Par Value Per Share	Redemption Price If Callable	Is Dividend Rate Limited?	Are Dividends Cumulative?
1. Preferred .....	.....	.....	.....	.....	. Yes[] No[] N/A[X]	. Yes[] No[] N/A[X]
2. Common .....	..... 1,000.000	..... 1,000.000	..... 100.000	..... X X X .....	..... X X X .....	..... X X X

19.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits?

Yes[] No[X]

19.2 If no, give full and complete information, relating thereto:
Union Planters Trust - Memphis, TN

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1).

Yes[] No[X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21 Loaned to others

20.22 Subject to repurchase agreements

20.23 Subject to reverse repurchase agreements

20.24 Subject to dollar repurchase agreements

20.25 Subject to reverse dollar repurchase agreements

20.26 Pledged as collateral

20.27 Placed under option agreements

20.28 Letter stock or securities restricted as to sale

20.29 Other

\$
\$
\$
\$
\$
\$
\$
\$
\$

20.3 For category (20.28) provide the following:

1	2	3
Nature of Restriction	Description	Amount
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes[] No[X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes[] No[] N/A[X]

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes[] No[X]

22.2 If yes, state the amount thereof at December 31 of the current year.

\$

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook?

Yes[X] No[]

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1	2
Name of Custodian(s)	Custodian's Address
Union Planters Bank N.A.	PO Box 387 Memphis, TN 38147

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

GENERAL INTERROGATORIES (Continued)

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes[] No[X]
23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....

23.05 Identify all investment advisers, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
111807	Union Planters Bank N.A.	PO Box 387 Memphis, TN 38147

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b)(1)])? Yes[] No[X]
24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
24.2999 Total

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....

25 Provide the following information for all short term and long term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over statement (+)
25.1 Bonds .....	..... 75,801,511	..... 75,520,110	..... (281,401)
25.2 Preferred stocks .....	.....	.....	.....
25.3 Totals .....	..... 75,801,511	..... 75,520,110	..... (281,401)

25.4 Describe the sources of methods utilized in determining the fair values
Fair values were obtained from the NAIC. If not available, then fair values were obtained from the custodian - Union Planters Bank N.A..

26.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes[X] No[]
26.2 If no, list exceptions:

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any? \$.
27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....

28.1 Amount of payments for legal expenses, if any? \$.
28.2 List the name of the firm and the amount paid if any such payments represented 25% or more of the total payments for legal expenses during the period covered by this statement.

GENERAL INTERROGATORIES (Continued)

1 Name	2 Amount Paid
.....

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or department of government, if any? \$.
29.2 List the name of firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies officers or department of government during the period covered by this statement.

1 Name	2 Amount Paid
.....

GENERAL INTERROGATORIES (continued)

PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes[] No[X]
- 1.2 If yes, indicate premium earned on U.S. business only:

\$
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$
- 1.31 Reason for excluding:

\$
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$
- 1.6 Individual policies - Most current three years:

\$
- 1.61 Total premium earned

\$
- 1.62 Total incurred claims

\$
- 1.63 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.64 Total premium earned

\$
- 1.65 Total incurred claims

\$
- 1.66 Number of covered lives

\$
- 1.7 Group policies - Most current three years:

\$
- 1.71 Total premium earned

\$
- 1.72 Total incurred claims

\$
- 1.73 Number of covered lives

\$
- All years prior to most current three years:

\$
- 1.74 Total premium earned

\$
- 1.75 Total incurred claims

\$
- 1.76 Number of covered lives

\$

2. Health Test

		1	2
		Current Year	Prior Year
2.1	Premium Numerator	1,048,821	(3,418,182)
2.2	Premium Denominator	1,048,821	(3,418,182)
2.3	Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4	Reserve Numerator		
2.5	Reserve Denominator		
2.6	Reserve Ratio (2.4 / 2.5)		

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes[] No[X]
- 3.2 If yes, give particulars:
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency?

Yes[X] No[]
- 4.2 If not previously filed furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes[] No[X]
- 5.1 Does the reporting entity have stop-loss reinsurance?

Yes[] No[X]
- 5.2 If no, explain:

For the period July 2001 - June 2002, the Company is only at risk for a maximum of \$33M. Effective July 2002, the Company entered into a non-risk bearing arrangement with the State of Tennessee. The Company reached the \$33M loss limit in 2002.
- 5.3 Maximum retained risk (see instructions):

\$
- 5.31 Comprehensive Medical

\$
- 5.32 Medical Only

\$
- 5.33 Medicare Supplement

\$
- 5.34 Dental

\$
- 5.35 Other Limited Benefit Plan

\$
- 5.36 Other

\$
6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

If insolvency occurs, BCBST satisfies claims for the covered period. All agreements with providers include statutory hold harmless provisions. Other MCOs in the State would be required to take enrollees.
- 7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes[X] No[]
- 7.2 If no, give details:
8. Provide the following information regarding participating providers:
- 8.1 Number of providers at start of reporting year

12394
- 8.2 Number of providers at end of reporting year

13344
- 9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes[] No[X]
- 9.2 If yes, direct premium earned:
- 9.21 Business with rate guarantees between 15-36 months

0
- 9.22 Business with rate guarantees over 36 months

0
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes[X] No[]
- 10.2 If yes:

\$
- 10.21 Maximum amount payable bonuses

\$
- 10.22 Amount actually paid for year bonuses

\$
- 10.23 Maximum amount payable withholds

\$
- 10.24 Amount actually paid for year withholds

\$
- 11.1 Is the reporting entity organized as:
- 11.12 A medical Group/Staff Model,

Yes[] No[X]
- 11.13 An Individual Practice Association (IPA), or,

Yes[] No[X]
- 11.14 A Mixed Model (combination of above)?

Yes[] No[X]
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes[X] No[]
- 11.3 If yes, show the name of the state requiring such net worth.

Tennessee
- 11.4 If yes, show the amount required.

\$ 22,214,872
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes[] No[X]
- 11.6 If the amount is calculated, show the calculation.

4% times the first \$150M in dollars received plus 1.5% for any dollars received over the first \$150M

GENERAL INTERROGATORIES (Continued)

12. List service areas in which the reporting entity is licensed to operate:

1
Name of Service Area
First Tennessee CSA, TN
Southeast CSA, TN
Upper Cumberland CSA, TN
Hamilton County CSA, TN
Mid-Cumberland CSA, TN
South Central CSA, TN
Davidson County CSA, TN
Northwest CSA, TN
Southwest CSA, TN
Shelby County CSA, TN
East Tennessee CSA, TN
Knox County CSA, TN

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	37,254,193	42,391,482	54,419,629	220,291,361	271,783,526
2. Total liabilities (Page 3, Line 22)	6,237,101	9,628,677	19,746,492	155,595,505	202,969,166
3. Statutory surplus	22,214,872	20,347,984	16,673,233	19,844,344	27,880,145
4. Total capital and surplus (Page 3, Line 30)	31,017,092	32,762,805	34,673,137	64,695,856	68,814,360
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	1,048,821	(3,418,182)	290,620,958	847,690,612	1,048,472,108
6. Total medical and hospital expenses (Line 18)	2,372,541	(3,950,913)	283,587,061	747,928,062	950,997,592
7. Claims adjustment expenses (Line 20)	1,266,410	1,025,190	16,846,910	50,179,115	47,390,528
8. Total administrative expenses (Line 21)	1,145,074	838,791	13,783,835	41,055,640	107,623,924
9. Net underwriting gain (loss) (Line 24)	(3,735,204)	(1,331,250)	(23,596,848)	8,527,795	(10,149,408)
10. Net investment gain (loss) (Line 27)	643,634	501,165	2,733,376	12,453,462	13,136,351
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	(1,746,350)	(250,577)	(12,466,504)	16,569,101	2,986,943
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	31,017,092	32,762,805	34,673,137	64,695,856	68,814,360
14. Authorized control level risk-based capital	2,026,136	1,232,559	10,342,692	9,875,529	15,928,978
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)				288,358	591,137
16. Total members months (Column 6, Line 7)		(111)	1,727,303	5,346,473	7,242,417
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5)x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	226	116	98	87	89
19. Cost containment expenses	25	X X X	X X X	X X X	X X X
20. Other claims adjustment expenses	96				
21. Total underwriting deductions (Line 23)	456	61	108	97	99
22. Total underwriting gain (loss) (Line 24)	(356)	39	(8)	1	(1)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Column 5)	1,909,105	(2,394,528)	86,345,600	162,150,890	88,521,059
24. Estimated liability of unpaid claims-[prior year (Line 12, Column 6)]		1,556,385	97,761,847	165,006,020	102,928,244
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Column 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Column 1) ...					
27. Affiliated common stocks (Sch. D Summary, Line 53, Column 2) ...					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Column 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

REPORT FOR: 1. CORPORATION: Volunteer State Health Plan, Inc. 2. DIVISION:
BUSINESS IN THE STATE OF **TENNESSEE** DURING THE YEAR

NAIC Group Code 0000

NAIC Company Code 00000

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year													
2. First Quarter													
3. Second Quarter													
4. Third Quarter													
5. Current Year													
6. Current Year Member Months													
Total Member Ambulatory Encounters for Year:													
7. Physician	(118)								(118)				
8. Non-Physician	220								220				
9. Total	102								102				
10. Hospital Patient Days Incurred	9								9				
11. Number of Inpatient Admissions	(2)								(2)				
12. Health Premiums Written	1,048,821								1,048,821				
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	1,048,821								1,048,821				
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	2,372,541								2,372,541				
18. Amount Incurred for Provision of Health Care Services	2,372,541								2,372,541				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products



EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION (a)

NAIC Group Code 0000

REPORT FOR: 1. CORPORATION: 2. DIVISION:
BUSINESS IN THE STATE OF **GRAND TOTAL** DURING THE YEAR

NAIC Company Code 00000

30 Grand Total

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	11	12	13
		2	3										
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
Total Members at end of:													
1. Prior Year													
2. First Quarter													
3. Second Quarter													
4. Third Quarter													
5. Current Year													
6. Current Year Member Months													
Total Member Ambulatory Encounters for Year:													
7. Physician	(118)								(118)				
8. Non-Physician	220								220				
9. Total	102								102				
10. Hospital Patient Days Incurred	9								9				
11. Number of Inpatient Admissions	(2)								(2)				
12. Health Premiums Written	1,048,821								1,048,821				
13. Life Premiums Direct													
14. Property/Casualty Premiums Written													
15. Health Premiums Earned	1,048,821								1,048,821				
16. Property/Casualty Premiums Earned													
17. Amount Paid for Provision of Health Care Services	2,372,541								2,372,541				
18. Amount Incurred for Provision of Health Care Services	2,372,541								2,372,541				

(a) For health business: number of persons insured under PPO managed care products and number of persons insured under indemnity only products

SCHEDULE A - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value, December 31, prior year (prior year statement)	
2.	Increase (decrease) by adjustment:	
2.1	Totals, Part 1, Column 11	
2.2	Totals, Part 3, Column 7	
3.	Cost of acquired, (Totals, Part 2, Column 6, net of encumbrances (Column 7) and net of additions and permanent improvements (Column 9))	
4.	Cost of additions and permanent improvements:	
4.1	Totals, Part 1, Column 14	
4.2	Totals, Part 3, Column 9	
5.	Total profit (loss) on sales, Part 3, Column 14	
6.	Increase (decrease) by foreign exchange adjustment	
6.1	Totals, Part 1, Column 12	
6.2	Totals, Part 3, Column 8	
7.	Amounts received on sales, Part 3, Column 11 and Part 1, Column 13	
8.	Book/adjusted carrying value at the end of current period	
9.	Total valuation allowance	
10.	Subtotal (Lines 8 plus 9)	
11.	Total nonadmitted amounts	
12.	Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	

SCHEDULE B - VERIFICATION BETWEEN YEARS

1.	Book value/recorded investment excluding accrued interest of mortgages owned, December 31 of prior year	
2.	Amount loaned during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount and mortgage interest points and commitment fees	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of mortgages owned at end of current period (Page 2,mortgage lines, Net Admitted Assets column)	

SCHEDULE BA - VERIFICATION BETWEEN YEARS

1.	Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	
2.	Cost of acquisitions during year:	
2.1	Actual cost at time of acquisitions	
2.2	Additional investment made after acquisitions	
3.	Accrual of discount	
4.	Increase (decrease) by adjustment	
5.	Total profit (loss) on sale	
6.	Amounts paid on account or in full during the year	
7.	Amortization of premium	
8.	Increase (decrease) by foreign exchange adjustment	
9.	Book/adjusted carrying value of long-term invested assets at end of current period	
10.	Total valuation allowance	
11.	Subtotal (Lines 9 plus 10)	
12.	Total nonadmitted amounts	
13.	Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	

SCHEDULE D - SUMMARY BY COUNTRY
Long-term Bonds and Stocks OWNED December 31 of Current Year

Description			1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1.	United States	15,571,235	15,355,596	15,765,902	15,400,000
	2.	Canada				
	3.	Other Countries				
	4.	Totals	15,571,235	15,355,596	15,765,902	15,400,000
States, Territories and Possessions (Direct and Guaranteed)	5.	United States				
	6.	Canada				
	7.	Other Countries				
	8.	Totals				
Political Subdivisions of States, Territories and Possessions (Direct and Guaranteed)	9.	United States				
	10.	Canada				
	11.	Other Countries				
	12.	Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13.	United States				
	14.	Canada				
	15.	Other Countries				
	16.	Totals				
Public Utilities (unaffiliated)	17.	United States	1,001,292	998,330	1,006,250	1,000,000
	18.	Canada				
	19.	Other Countries				
	20.	Totals	1,001,292	998,330	1,006,250	1,000,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21.	United States	10,081,576	10,018,776	10,597,319	9,865,000
	22.	Canada				
	23.	Other Countries				
	24.	Totals	10,081,576	10,018,776	10,597,319	9,865,000
Parent, Subsidiaries and Affiliates	25.	Totals				
	26.	Total Bonds	26,654,103	26,372,702	27,369,471	26,265,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27.	United States				
	28.	Canada				
	29.	Other Countries				
	30.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31.	United States				
	32.	Canada				
	33.	Other Countries				
	34.	Totals				
Industrial and Miscellaneous (unaffiliated)	35.	United States				
	36.	Canada				
	37.	Other Countries				
	38.	Totals				
Parent, Subsidiaries and Affiliates	39.	Totals				
	40.	Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41.	United States				
	42.	Canada				
	43.	Other Countries				
	44.	Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45.	United States				
	46.	Canada				
	47.	Other Countries				
	48.	Totals				
Industrial and Miscellaneous (unaffiliated)	49.	United States				
	50.	Canada				
	51.	Other Countries				
	52.	Totals				
Parent, Subsidiaries and Affiliates	53.	Totals				
	54.	Total Common Stocks				
	55.	Total Stocks				
	56.	Total Bonds and Stocks	26,654,103	26,372,702	27,369,471	

SCHEDULE D - Verification Between Years

1. Book/adjusted carrying value of bonds and stocks, prior year ..	<u>16,735,531</u>	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	<u>28,145,129</u>	6.1 Column 15, Part 1.....	
3. Increase (decrease) by adjustment:		6.2 Column 19, Part 2, Section 1.....	
3.1 Columns 12 + 13 - 14, Part 1.....	<u>(692,627)</u>	6.3 Column 16, Part 2, Section 2.....	
3.2 Column 18, Part 2, Section 1.....		6.4 Column 15, Part 4.....	
3.3 Column 15, Part 2, Section 2.....		7. Book/adjusted carrying value at end of current period.....	<u>26,654,103</u>
3.4 Column 14, Part 4.....	<u>(79,790)</u>	8. Total valuation allowance.....	
4. Total gain (loss), Column 19, Part 4.....	<u>(4,683)</u>	9. Subtotal (Lines 7 plus 8).....	<u>26,654,103</u>
5. Deduct consideration for bonds and stocks disposed of		10. Total nonadmitted assets.....	
Column 7, Part 4.....	<u>17,449,457</u>	11. Statement value of bonds and stocks, current period.....	<u>26,654,103</u>

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1.	U.S. Government, Schedules D & DA (Group 1)											
1.1	Class 1	57,202,977	7,515,666				64,718,643	85.38	53,236,334	100.00	64,718,643	
1.2	Class 2											
1.3	Class 3											
1.4	Class 4											
1.5	Class 5											
1.6	Class 6											
1.7	TOTALS	57,202,977	7,515,666				64,718,643	85.38	53,236,334	100.00	64,718,643	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Class 1											
2.2	Class 2											
2.3	Class 3											
2.4	Class 4											
2.5	Class 5											
2.6	Class 6											
2.7	TOTALS											
3.	States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1	Class 1											
3.2	Class 2											
3.3	Class 3											
3.4	Class 4											
3.5	Class 5											
3.6	Class 6											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Class 1											
4.2	Class 2											
4.3	Class 3											
4.4	Class 4											
4.5	Class 5											
4.6	Class 6											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1	Class 1											
5.2	Class 2											
5.3	Class 3											
5.4	Class 4											
5.5	Class 5											
5.6	Class 6											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6.	Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1	Class 1	1,001,292					1,001,292	1.32			1,001,292	
6.2	Class 2											
6.3	Class 3											
6.4	Class 4											
6.5	Class 5											
6.6	Class 6											
6.7	TOTALS	1,001,292					1,001,292	1.32			1,001,292	
7.	Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1	Class 1	10,081,576					10,081,576	13.30			10,081,576	
7.2	Class 2											
7.3	Class 3											
7.4	Class 4											
7.5	Class 5											
7.6	Class 6											
7.7	TOTALS	10,081,576					10,081,576	13.30			10,081,576	
8.	Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1	Class 1											
8.2	Class 2											
8.3	Class 3											
8.4	Class 4											
8.5	Class 5											
8.6	Class 6											
8.7	TOTALS											
9.	Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1	Class 1											
9.2	Class 2											
9.3	Class 3											
9.4	Class 4											
9.5	Class 5											
9.6	Class 6											
9.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values By Major Types of Issues and NAIC Designations

Quality Rating Per the NAIC Designation		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year												
10.1	Class 1	68,285,845	7,515,666				75,801,511	100.00	X X X	X X X	75,801,511	
10.2	Class 2								X X X	X X X		
10.3	Class 3								X X X	X X X		
10.4	Class 4								X X X	X X X		
10.5	Class 5						(c)		X X X	X X X		
10.6	Class 6						(c)		X X X	X X X		
10.7	TOTALS	68,285,845	7,515,666				(b) 75,801,511	100.00	X X X	X X X	75,801,511	
10.8	Line 10.7 as a % of Column 6	90.09	9.91				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year												
11.1	Class 1	51,939,232	1,297,102				X X X	X X X	53,236,334	100.00	53,236,334	
11.2	Class 2						X X X	X X X				
11.3	Class 3						X X X	X X X				
11.4	Class 4						X X X	X X X				
11.5	Class 5						X X X	X X X	(c)			
11.6	Class 6						X X X	X X X	(c)			
11.7	TOTALS	51,939,232	1,297,102				X X X	X X X	(b) 53,236,334	100.00	53,236,334	
11.8	Line 11.7 as a % of Col. 8	97.56	2.44				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds												
12.1	Class 1	68,285,845	7,515,666				75,801,511	100.00	53,236,334	100.00	75,801,511	X X X
12.2	Class 2											X X X
12.3	Class 3											X X X
12.4	Class 4											X X X
12.5	Class 5											X X X
12.6	Class 6											X X X
12.7	TOTALS	68,285,845	7,515,666				75,801,511	100.00	53,236,334	100.00	75,801,511	X X X
12.8	Line 12.7 as a % of Col. 6	90.09	9.91				100.00	X X X	X X X	X X X	100.00	X X X
12.9	Line 12.7 as a % of Line 10.7, Col. 6, Section 10	90.09	9.91				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds												
13.1	Class 1										X X X	
13.2	Class 2										X X X	
13.3	Class 3										X X X	
13.4	Class 4										X X X	
13.5	Class 5										X X X	
13.6	Class 6										X X X	
13.7	TOTALS										X X X	
13.8	Line 13.7 as a % of Col. 6							X X X	X X X	X X X	X X X	
13.9	Line 13.7 as a % of Line 10.7, Col. 6, Section 10							X X X	X X X	X X X	X X X	

(a) Includes \$..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$..... current year, \$..... prior year of bonds with Z designations and \$..... current year, \$..... prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$..... current year, \$..... prior year of bonds with 5* designations and \$..... current year, \$..... prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

Distribution by Type		1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1.	U.S. Governments, Schedules D & DA (Group 1)											
1.1	Issuer Obligations	57,202,977	7,515,666				64,718,643	85.38	53,236,334	100.00	64,718,643	
1.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
1.7	TOTALS	57,202,977	7,515,666				64,718,643	85.38	53,236,334	100.00	64,718,643	
2.	All Other Governments, Schedules D & DA (Group 2)											
2.1	Issuer Obligations											
2.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3	Defined											
2.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5	Defined											
2.6	Other											
2.7	TOTALS											
3.	States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 3)											
3.1	Issuer Obligations											
3.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3	Defined											
3.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5	Defined											
3.6	Other											
3.7	TOTALS											
4.	Political Subdivisions of States, Territories & Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1	Issuer Obligations											
4.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3	Defined											
4.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5	Defined											
4.6	Other											
4.7	TOTALS											
5.	Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, SCH. D & DA (Group 5)											
5.1	Issuer Obligations											
5.2	Single Class Mortgage-Backed/Asset-Backed Bonds											
	MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3	Defined											
5.4	Other											
	MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5	Defined											
5.6	Other											
5.7	TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations	1,001,292					1,001,292	1.32			1,001,292	
6.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
6.5 Defined											
6.6 Other											
6.7 TOTALS	1,001,292					1,001,292	1.32			1,001,292	
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations	10,081,576					10,081,576	13.30			10,081,576	
7.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
7.5 Defined											
7.6 Other											
7.7 TOTALS	10,081,576					10,081,576	13.30			10,081,576	
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 TOTALS											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
9.5 Defined											
9.6 Other											
9.7 TOTALS											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, At Book/Adjusted Carrying Values by Major Types of and subtype of Issues

	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Column 6 as a % of Line 10.7	8 Total From Column 6 Prior Year	9 % From Column 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
Distribution by Type											
10. Total Bonds Current Year											
10.1 Issuer Obligations	68,285,845	7,515,666				75,801,511	100.00	X X X	X X X	75,801,511	
10.2 Single Class Mortgage-Backed/Asset-Backed Securities								X X X	X X X		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined								X X X	X X X		
10.4 Other								X X X	X X X		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined								X X X	X X X		
10.6 Other								X X X	X X X		
10.7 TOTALS	68,285,845	7,515,666				75,801,511	100.00	X X X	X X X	75,801,511	
10.8 Line 10.7 as a % of Column 6	90.09	9.91				100.00	X X X	X X X	X X X	100.00	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	51,939,232	1,297,102				X X X	X X X	53,236,334	100.00	53,236,334	
11.2 Single Class Mortgage-Backed/Asset-Backed Securities						X X X	X X X				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined						X X X	X X X				
11.4 Other						X X X	X X X				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined						X X X	X X X				
11.6 Other						X X X	X X X				
11.7 TOTALS	51,939,232	1,297,102				X X X	X X X	53,236,334	100.00	53,236,334	
11.8 Line 11.7 as a % of Column 8	97.56	2.44				X X X	X X X	100.00	X X X	100.00	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	68,285,845	7,515,666				75,801,511	100.00	53,236,334	100.00	75,801,511	X X X
12.2 Single Class Mortgage-Backed/Asset-Backed Securities											X X X
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined											X X X
12.4 Other											X X X
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined											X X X
12.6 Other											X X X
12.7 TOTALS	68,285,845	7,515,666				75,801,511	100.00	53,236,334	100.00	75,801,511	X X X
12.8 Line 12.7 as a % of Column 6	90.09	9.91				100.00	X X X	X X X	X X X	100.00	X X X
12.9 Line 12.7 as a % of Line 10.7, Column 6, Section 10	90.09	9.91				100.00	X X X	X X X	X X X	100.00	X X X
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										X X X	
13.2 Single Class Mortgage-Backed/Asset-Backed Securities										X X X	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined										X X X	
13.4 Other										X X X	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined										X X X	
13.6 Other										X X X	
13.7 TOTALS										X X X	
13.8 Line 13.7 as a % of Column 6							X X X	X X X	X X X	X X X	
13.9 Line 13.7 as a % of Line 10.7, Column 6, Section 10							X X X	X X X	X X X	X X X	

SCHEDULE DA - PART 2
Verification of SHORT-TERM INVESTMENTS Between Years

		1	2	3	4	5
		Total	Bonds	Mortgage Loans	Other Short-term Investment Assets (a)	Investments in Parent, Subsidiaries and Affiliates
1.	Book/adjusted carrying value, prior year	36,500,803	36,500,803			
2.	Cost of short-term investments acquired	1,411,184,030	1,411,184,030			
3.	Increase (decrease) by adjustment	(69,100)	(69,100)			
4.	Increase (decrease) by foreign exchange adjustment					
5.	Total profit (loss) on disposal of short-term investments					
6.	Consideration received on disposal of short-term investments	1,398,468,325	1,398,468,325			
7.	Book/adjusted carrying value, current year	49,147,408	49,147,408			
8.	Total valuation allowance					
9.	Subtotal (Lines 7 plus 8)	49,147,408	49,147,408			
10.	Total nonadmitted amounts					
11.	Statement value (Lines 9 minus 10)	49,147,408	49,147,408			
12.	Income collected during year	520,562	520,562			
13.	Income earned during year	499,809	499,809			

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

SCHEDULE DB - PART A - VERIFICATION BETWEEN YEARS

Verification Between Years of Aggregate Write-in Book Value on Options, Caps, Floors and Insurance Futures Options Owned

1.	Aggregate write-in book value, December 31, prior year (Line 8, prior year)	
2.	Cost/Option Premium (Section 2, Column 7)	
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)	
4.	Gain/(Loss) on Termination	
4.1	Recognized (Section 3, Column 14)	
4.2	Used to Adjust Basis of Hedged Item (Section 3, Column 15)	
5.	Consideration received on terminations (Section 3, Column 16)	
6.	Used to Adjust Basis on Open Contracts (Section 1, Column 17)	
7.	Disposition of deferred amount on contracts terminated in prior year:	
7.1	Recognized	
7.2	Used to Adjust Basis of Hedged Item	
8.	Aggregate write-in book value, December 31, Current Year (Lines 1 + 2 + 3 + 4 - 5 - 6 - 7)	

SCHEDULE DB - PART B - VERIFICATION BETWEEN YEARS

Verification Between Years of Aggregate Write-in Book Value on Options, Caps, Floors and Insurance Futures Options Written

1.	Aggregate write-in book value, December 31, prior year (Line 8, prior year)	
2.	Consideration received (Section 2, Column 7)	
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)	
4.	Gain/(Loss) on Termination:	
4.1	Recognized (Section 3, Column 14)	
4.2	Used to Adjust Basis (Section 3, Column 15)	
5.	Consideration paid on terminations (Section 3, Column 16)	
6.	Used to Adjust Basis on Open Contracts (Section 1, Column 17)	
7.	Disposition of deferred amount on contracts terminated in prior year:	
7.1	Recognized	
7.2	Used to Adjust Basis	
8.	Aggregate write-in book value, December 31, Current Year	

SCHEDULE DB - PART C - VERIFICATION BETWEEN YEARS

Verification Between Years of Aggregate Write-in Book Value on Swaps and Forwards

1.	Aggregate write-in book value, December 31, prior year (Line 8, prior year)		
2.	Cost or (Consideration Received) (Section 2, Column 7)		
3.	Increase/(Decrease) by Adjustment (Section 1, Column 12) plus (Section 3, Column 13)		
4.	Gain/(Loss) on Termination:		
4.1	Recognized (Section 3, Column 14)		
4.2	Used to Adjust Basis of Hedged Item (Section 3, Column 15)		
5.	Consideration received (or paid) on terminations (Section 3, Column 16)		
6.	Used to Adjust Basis of Hedged Item on Open Contracts (Section 3, Column 17)		
7.	Disposition of deferred amount on contracts terminated in prior year:		
7.1	Recognized		
7.2	Used to Adjust Basis of Hedged Item		
8.	Aggregate write-in book value, December 31, Current Year (Lines 1+2+3+4-5-6-7)		

SCHEDULE DB - PART D - VERIFICATION BETWEEN YEARS

Verification Between Years of Aggregate Write-in Book Value on Futures Contracts and Insurance Futures Contracts

1.	Aggregate write-in book value, December 31, prior year (Line 8, prior year)		
2.	Change in total Variation Margin on Open Contracts (Difference between years-Section 1, Column 6)		
3.1	Change in Variation Margin on Open Contracts Used to Adjust Basis of Hedged Item (Section 1, Column 11)		
3.2	Change in variation margin on open contracts recognized (Difference between years-Section 1, Column 10)		
4.1	Variation Margin on Contracts Terminated During the Year (Section 3, Column 6)		
4.2	Less		
4.21	Gain/(Loss) Recognized in Current Year (Section 3, Column 7)		
4.22	Gain/(Loss) Used to Adjust Basis of Hedge (Section 3, Column 8)		
4.3	Subtotal (Line 4.1 minus Line 4.2)		
5.1	Net Additions to Cash Deposits (Section 2, Column 7)		
5.2	Less: Net Reductions to Cash Deposits (Section 3, Column 9)		
6.	Subtotal (Lines 1 - 2 + 3.1 + 3.2 - 4.3 + 5.2)		
7.	Disposition of Gain/(Loss) on Contracts Terminated in Prior Year:		
7.1	Recognized		
7.2	Used to Adjust Basis of Hedged Item		
8.	Aggregate write-in book value, December 31, current year (Lines 6 + 7.1 + 7.2)		

SCHEDULE DB - PART E - VERIFICATION BETWEEN YEARS

Verification Of Statement Value and Fair Value of Open Contracts

		Statement Value	
1.	Part A, Section 1, Column 10		
2.	Part B, Section 1, Column 10		
3.	Part C, Section 1, Column 10		
4.	Part D, Section 1, Column 9 - 12		
5.	Lines (1) - (2) + (3) + (4)		
6.	Part E, Section 1, Column 4		
7.	Part E, Section 1, Column 5		
8.	Lines (5) - (6) - (7)		
		Fair Value	
9.	Part A, Section 1, Column 11		
10.	Part B, Section 1, Column 11		
11.	Part C, Section 1, Column 11		
12.	Part D, Section 1, Column 9		
13.	Lines (9) - (10) + (11) + (12)		
14.	Part E, Section 1, Column 7		
15.	Part E, Section 1, Column 8		
16.	Lines (13) - (14) - (15)		

SCHEDULE DB - PART F - SECTION 1
Summary of Replicated (Synthetic) Assets Open

Replicated (Synthetic) Asset					Components of the Replicated (Synthetic) Asset							
1 Replication RSAT Number	2 Description	3 NAIC Designation or Other Description	4 Statement Value	5 Fair Value	Derivative Instruments Open		Cash Instrument(s) Held					
					6	7	8	9	10	11	12	
					Description	Fair Value	CUSIP	Description	Statement Value	Fair Value	NAIC Designation or Other Description	
					N O N E							
9999999 Totals					X X X			X X X	X X X			X X X

SCHEDULE DB - PART F SECTION 2
Reconciliation of Replicated (Synthetic) Assets Open

		First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year-To-Date	
		1	2	3	4	5	6	7	8	9	10
		Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value	Number of Positions	Total Replicated (Synthetic) Assets Statement Value
1.	Beginning Inventory .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
2.	Add: Opened or Acquired Transactions .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
3.	Add: Increases in Replicated Asset Statement Value	X X X .....	.....	N O N E		X X X .....	.....	X X X .....	.....	X X X .....	.....
4.	Less: Closed or Disposed of Transactions .....	.....	.....			.....	.....	.....	.....	.....	.....
5.	Less: Positions Disposed of for Failing Effectiveness Criteria .....	.....	.....			.....	.....	.....	.....	.....	.....
6.	Less: Decreases in Replicated (Synthetic) Asset Statement Value	X X X .....	.....			X X X .....	.....	X X X .....	.....	X X X .....	.....
7.	Ending Inventory .....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE S - PART 1 - SECTION 2

Reinsurance Assumed Accident and Health Insurance Listed by Reinsured Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	10	11	12
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsured	Location	Type of Reinsurance Assumed	Premiums	Unearned Premiums	Reserve Liability Other Than for Unearned Premiums	Reinsurance Payable on Paid and Unpaid Losses	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE											
0399999 Totals

SCHEDULE S - PART 2

**Reinsurance Recoverable on Paid and Unpaid Losses Listed by
Reinsuring Company as of December 31, Current Year**

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Company	5 Location	6 Paid Losses	7 Unpaid Losses
<div>NONE</div>						
0799999 Totals - Life, Annuity and Accident and Health

SCHEDULE S - PART 3 - SECTION 2

Reinsurance Ceded Accident and Health Insurance Listed by Reinsuring Company as of December 31, Current Year

1	2	3	4	5	6	7	8	9	Outstanding Surplus Relief		12	13
									10	11		
NAIC Company Code	Federal ID Number	Effective Date	Name of Company	Location	Type	Premiums	Unearned Premiums (estimated)	Reserve Credit Taken Other than for Unearned Premiums	Current Year	Prior Year	Modified Coinsurance Reserve	Funds Withheld Under Coinsurance
NONE												
0399999 Totals

SCHEDULE S - PART 4
Reinsurance Ceded To Unauthorized Companies

1	2	3	4	5	6	7	8	9	10	11	12	13	14
NAIC Company Code	Federal ID Number	Effective Date	Name of Reinsurer	Reserve Credit Taken	Paid and Unpaid Losses Recoverable (Debit)	Other Debits	Totals (Cols. 5 + 6 + 7)	Letters of Credit	Trust Agreements	Funds Deposited by and Withheld from Reinsurers	Other	Miscellaneous Balances (Credit)	Sum of Cols. 9+10+11+12+13 But Not in Excess of Col. 8
				N O N E									
1199999 Totals (General Account and Separate Accounts combined) .....				.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE S - PART 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2004	2 2003	3 2002	4 2001	5 2000
A. OPERATIONS ITEMS					
1. Premiums					
2. Title XVIII-Medicare					
3. Title XIX - Medicaid					
4. Commissions and reinsurance expense allowance					
5. Total hospital and medical expenses					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable					
8. Reinsurance recoverable on paid losses					
9. Experience rating refunds due or unpaid					
10. Commissions and reinsurance expense allowances unpaid					
11. Unauthorized reinsurance offset					
C. UNAUTHORIZED REINSURANCE					
(DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F)					
13. Letters of credit (L)					
14. Trust agreements (T)					
15. Other (O)					

NONE

SCHEDULE S - PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

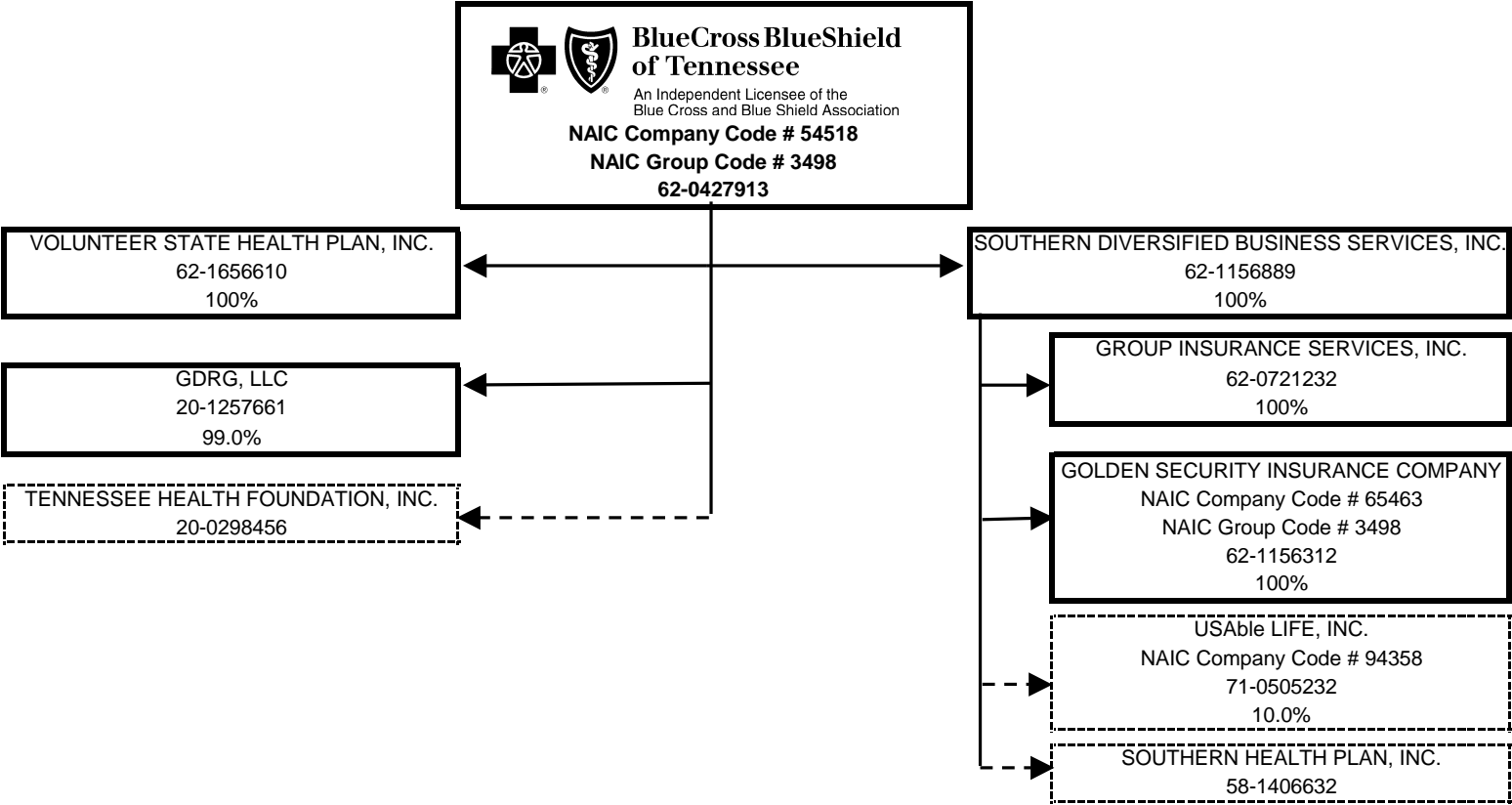
	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 10)			
2. Accident and health premiums due and unpaid (Line 12)			
3. Amounts recoverable from reinsurers (Line 13.1)			
4. Net credit for ceded reinsurance	X X X		
5. All other admitted assets (Balance)			
6. Total assets (Line 26)			
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1)			
8. Accrued medical incentive pool and bonus payments (Line 2)			
9. Premiums received in advance (Line 8)			
10. Reinsurance in unauthorized companies (Line 18)			
11. All other liabilities (Balance)	N O N E		
12. Total liabilities (Line 22)			
13. Total capital and surplus (Line 30)		X X X	
14. Total liabilities, capital and surplus (Line 31)			
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid			
16. Accrued medical incentive pool			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payables/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

		1	2	Direct Business Only					
		Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
State, Etc.				Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit-Type Contract Funds	Property/ Casualty Premiums
1.	Alabama (AL)	No ..	No ..						
2.	Alaska (AK)	No ..	No ..						
3.	Arizona (AZ)	No ..	No ..						
4.	Arkansas (AR)	No ..	No ..						
5.	California (CA)	No ..	No ..						
6.	Colorado (CO)	No ..	No ..						
7.	Connecticut (CT)	No ..	No ..						
8.	Delaware (DE)	No ..	No ..						
9.	District of Columbia (DC)	No ..	No ..						
10.	Florida (FL)	No ..	No ..						
11.	Georgia (GA)	No ..	No ..						
12.	Hawaii (HI)	No ..	No ..						
13.	Idaho (ID)	No ..	No ..						
14.	Illinois (IL)	No ..	No ..						
15.	Indiana (IN)	No ..	No ..						
16.	Iowa (IA)	No ..	No ..						
17.	Kansas (KS)	No ..	No ..						
18.	Kentucky (KY)	No ..	No ..						
19.	Louisiana (LA)	No ..	No ..						
20.	Maine (ME)	No ..	No ..						
21.	Maryland (MD)	No ..	No ..						
22.	Massachusetts (MA)	No ..	No ..						
23.	Michigan (MI)	No ..	No ..						
24.	Minnesota (MN)	No ..	No ..						
25.	Mississippi (MS)	No ..	No ..						
26.	Missouri (MO)	No ..	No ..						
27.	Montana (MT)	No ..	No ..						
28.	Nebraska (NE)	No ..	No ..						
29.	Nevada (NV)	No ..	No ..						
30.	New Hampshire (NH)	No ..	No ..						
31.	New Jersey (NJ)	No ..	No ..						
32.	New Mexico (NM)	No ..	No ..						
33.	New York (NY)	No ..	No ..						
34.	North Carolina (NC)	No ..	No ..						
35.	North Dakota (ND)	No ..	No ..						
36.	Ohio (OH)	No ..	No ..						
37.	Oklahoma (OK)	No ..	No ..						
38.	Oregon (OR)	No ..	No ..						
39.	Pennsylvania (PA)	No ..	No ..						
40.	Rhode Island (RI)	No ..	No ..						
41.	South Carolina (SC)	No ..	No ..						
42.	South Dakota (SD)	No ..	No ..						
43.	Tennessee (TN)	No ..	Yes ..			1,048,821			
44.	Texas (TX)	No ..	No ..						
45.	Utah (UT)	No ..	No ..						
46.	Vermont (VT)	No ..	No ..						
47.	Virginia (VA)	No ..	No ..						
48.	Washington (WA)	No ..	No ..						
49.	West Virginia (WV)	No ..	No ..						
50.	Wisconsin (WI)	No ..	No ..						
51.	Wyoming (WY)	No ..	No ..						
52.	American Samoa (AS)	No ..	No ..						
53.	Guam (GU)	No ..	No ..						
54.	Puerto Rico (PR)	No ..	No ..						
55.	U.S. Virgin Islands (VI)	No ..	No ..						
56.	Canada (CN)	No ..	No ..						
57.	Aggregate other alien (OT)	X X X ..	X X X ..						
58.	TOTAL (Direct Business)	X X X ..	(a). 1 ..			1,048,821			
DETAILS OF WRITE-INS									
5701	.....							
5702	.....							
5703	.....							
5798.	Summary of remaining write-ins for Line 57 from overflow page								
5799.	TOTALS (Lines 5701 through 5703 plus 5798) (Line 57 above)								

(a) Insert the number of yes responses except for Canada and Other Alien.
Explanation of basis of allocation of premiums by states, etc.:

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER
MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y (continued)
PART 2 - SUMMARY OF INSURER'S TRANSACTIONS WITH ANY AFFILIATES

1	2	3	4	5	6	7	8	9	10	11	12	13
NAIC Company Code	Federal ID Number	Names of Insurers and Parent, Subsidiaries or Affiliates	Shareholder Dividends	Capital Contributions	Purchases, Sales or Exchanges of Loans, Securities, Real Estate, Mortgage Loans or Other Investments	Income/(Disburse- ments) Incurred in Connection with Guarantees or Undertakings for the Benefit of any Affiliate(s)	Management Agreements and Service Contracts	Income/ (Disbursements) Incurred Under Reinsurance Agreements	*	Any Other Material Activity not in the Ordinary Course of the Insurer's Business	Totals	Reinsurance Recoverable/ (Payable) on Losses and/or Reserve Credit Taken/ (Liability)
.. 54518 00000 ..	.. 62-0427913 62-1656610 ..	BlueCross BlueShield of Tennessee, Inc. (BCBST) Volunteer State Health Plan, Inc. (VSHP) .....	.....	.....	.....	.....	.. 112,348,581 .. (112,348,581)	.....	.....	.....	.. 112,348,581 .. (112,348,581)	.....
9999999 Totals .....			.....	.....	.....	.....	.....	.....	X X X	.....	.....	.....

Schedule Y Part 2 Explanation:

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

	Response
MARCH FILING	
1. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	No
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?	Yes
3. Will an actuarial certification be filed by March 1?	Yes
4. Will the Risk-based Capital Report be filed with the NAIC by March 1?	No
5. Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?	Yes
6. Will the Life Supplement be filed with the state of domicile and the NAIC by March 1?	No
7. Will the Property/Casualty Supplement be filed with the state of domicile and the NAIC by March 1?	No
APRIL FILING	
8. Will Management's Discussion and Analysis be filed by April 1?	Yes
9. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?	No
10. Will the Investment Risks Interrogatories be filed by April 1?	Yes
JUNE FILING	
11. Will an audited financial report be filed by June 1 with the state of domicile?	Yes
Explanations:	

Bar Codes:

Medicare Supplement Insurance Experience Exhibit


00000200436000000 (NAIC code not entered) 2004 Document Code: 360

Risk-Based Capital Filing


00000200439000000 (NAIC code not entered) 2004 Document Code: 390

Health Life Supplement


00000200420500000 (NAIC code not entered) 2004 Document Code: 205

Health Property / Casualty Supplement


00000200420700000 (NAIC code not entered) 2004 Document Code: 207

LTC Experience Reporting Form C


00000200433000000 (NAIC code not entered) 2004 Document Code: 330

OVERFLOW PAGE FOR WRITE-INS

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
2104.	Contingent Legal Liability .....	.....	.....	.....	700,000
2105.	Exigency Post Settlement Activity .....	.....	.....	.....	93,741
2197.	Summary of remaining write-ins for Line 21 (Lines 2104 through 2196) .....	.....	.....	.....	793,741

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
0604.	Meharry Payments	X X X	(4,940,605)	(7,403,256)
0605.	GME Payments	X X X	(50,135,776)	(33,349,225)
0606.	Essential Provider Payments (EPP)	X X X	(125,000,000)	(75,000,000)
0697.	Summary of remaining write-ins for Line 6 (Line 0604 through 0696)	X X X	(180,076,381)	(115,752,481)

OVERFLOW PAGE FOR WRITE-INS

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS
(Gain and Loss Exhibit)

		1	2	3	4	5	6	7	8	9	10	11	12	13
		Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employee Health Benefit Plan	Title XVIII- Medicare	Title XIX- Medicaid	Stop Loss	Disability Income	Long- term Care	Other Health	Other Non-Health
0504.	Meharry Payments	(4,940,605)	.....	.....	.....	.....	.....	.....	(4,940,605)	.....	.....	.....	.....	X X X
0505.	GME Payments	(50,135,776)	.....	.....	.....	.....	.....	.....	(50,135,776)	.....	.....	.....	.....	X X X
0506.	Essential Provider Payments (EPP)	(125,000,000)	.....	.....	.....	.....	.....	.....	(125,000,000)	.....	.....	.....	.....	X X X
0597.	Summary of remaining write-ins for Line 5 (Lines 0504 through 0596)	(180,076,381)	.....	.....	.....	.....	.....	.....	(180,076,381)	.....	.....	.....	.....	X X X

SCHEDULE A - PART 1
Showing all Real Estate OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	11	12	13	14	15	16
		3	4												
Description of Property	Code	City	State	Date Acquired	Date of Last Appraisal	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Fair Value Less Encumbrances	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Amounts Received During Year	Expended for Additions, Permanent Improvements and Changes in Encumbrances During Year	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
						N O N E									
9999999 Totals .....						.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE A - PART 2
Showing all Real Estate ACQUIRED During the Year

1	Location		4	5	6	7	8	9
	2	3						
Description of Property	City	State	Date Acquired	Name of Vendor	Actual Cost	Amount of Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Expended for Additions and Permanent Improvements
<div>NONE</div>								
9999999 Totals

SCHEDULE A - PART 3

Showing all Real Estate SOLD during the Year, including Payments during the Final Year on "Sales under Contract"

1	Location		4	5	6	7	8	9	10	11	12	13	14	15	16
	2	3				Increase (Decrease) by	Increase (Decrease) by Foreign Exchange Adjustment								
Description of Property	City	State	Disposal Date	Name of Purchaser	Actual Cost			Expended for Additions, Permanent Improvements and Changes in Encumbrances	Book/Adjusted Carrying Value Less Encumbrances	Amounts Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale	Gross Income Earned Less Interest Incurred on Encumbrances	Taxes, Repairs and Expenses Incurred
					N O N E										
9999999 Totals .....					.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

SCHEDULE B - PART 1
Showing all Mortgage Loans OWNED December 31 of Current Year

1	2	Location		5	6	7	8	9	10	11	12
		3	4								
Loan Number	Code	City	State	Loan Type	Date Acquired	Rate of Interest	Book Value/Recorded Investment Excluding Accrued Interest	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Value of Land and Buildings	Date of Last Appraisal or Valuation
9999999 GRAND TOTAL											XXX

NONE

General Interrogatory:
1. Mortgages in good standing \$..... unpaid taxes \$..... interest due and unpaid.
2. Restructured mortgages \$..... unpaid taxes \$..... interest due and unpaid.
3. Mortgages with overdue interest over 90 days not in process of foreclosure \$..... unpaid taxes \$..... interest due and unpaid.
4. Mortgages in process of foreclosure \$..... unpaid taxes \$..... interest due and unpaid.

SCHEDULE B - PART 2

Showing all Mortgage Loans SOLD, transferred or paid in full during the Year

1	Location		4	5	6	7	8	9	10	11	12	13
	2	3			Book Value/ Recorded Investment Excluding Accrued Interest Prior Year	Increase (Decrease) by Adjustment	Increase (Decrease) by Foreign Exchange Adjustment	Book Value/ Recorded Investment Excluding Accrued Interest at Disposition	Consideration Received	Foreign Exchange Profit (Loss) on Sale	Realized Profit (Loss) on Sale	Total Profit (Loss) on Sale
Loan Number	City	State	Loan Type	Date Acquired								
					N O N E							
9999999 Totals												

SCHEDULE BA - PART 1
Showing Other Long-Term Invested Assets OWNED December 31, Current Year

1 Number of Units and Description	2 Code	Location		5 Name of Vendor	6 Date Acquired	7 Actual Cost	8 Amount of Encumbrances	9 Book/Adjusted Carrying Value Less Encumbrances	10 Increase (Decrease) by Adjustment	11 Increase (Decrease) by Foreign Exchange Adjustment
		3 City	4 State							
<div>NONE</div>										
9999999 Totals

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets SOLD, Transferred or Paid in Full During the Year

1 Number of Units and Description	Location		4 Name of Purchaser or Nature of Disposition	5 Date Acquired	6 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	7 Increase (Decrease) by Adjustment	8 Increase (Decrease) by Foreign Exchange Adjustment	9 Book/Adjusted Carrying Value Less Encumbrances at Disposition	10 Consideration Received	11 Foreign Exchange Profit (Loss) on Sale	12 Realized Profit (Loss) on Sale	13 Total Profit (Loss) on Sale
	2	3										
	City	State										
NONE												
9999999 Totals												

SCHEDULE D - PART 1
Showing all Long-Term BONDS Owned December 31, of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book Adjusted Carrying Value				Interest					Dates		
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22	
		F O R E I G N *	B O N D C H A R	Rate Used to Obtain Fair Value																		Fair Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Rate of	Effective Rate of Interest	How Paid	Admitted Amount Due and Accrued	Gross Amount Received During Year	Acquired	Maturity
CUSIP Identi- fication	Description			NAIC Design- ation	Actual Cost			Par Value	Book/ Adjusted Carrying Value													
U.S. Governments - Issuer Obligations																						
3133MBT23	FEDERAL HOME LOAN BANK			1	2,154,300	102.0000	2,040,000	2,000,000	2,050,061		(104,239)			6.955	1.430	JD	6,182	139,100	01/16/2004	06/15/2005		
3133MYRR0	FEDERAL HOME LOAN BANK			1	6,276,508	98.3750	6,099,250	6,200,000	6,257,571		(18,937)			2.625	2.233	MN	20,796	162,750	03/10/2004	05/15/2007		
3133X3E58	FEDERAL HOME LOAN BANK			1	3,007,500	99.4690	2,984,070	3,000,000	3,000,000		(7,500)			1.780	1.788	JJ	22,992	26,700	01/21/2004	07/26/2005		
3133X3L35	FEDERAL HOME LOAN BANK			1	2,000,000	99.6250	1,992,500	2,000,000	2,000,000					1.520	1.526	MN	3,716	22,800	02/01/2004	05/17/2005		
3128X3GL1	FEDERAL HOME LOAN MTG CORP MULTI		1	1	1,007,750	100.4520	1,004,520	1,000,000	1,005,508		(2,242)			3.125	2.518	MN	3,125	15,625	08/17/2004	11/25/2008		
31359MJX2	FEDERAL NATL MTG ASSOC			1	1,319,844	102.9380	1,235,256	1,200,000	1,258,095		(39,008)			5.250	1.872	JD	2,800	63,000	05/28/2003	06/15/2006		
0199999 Subtotal - U.S. Governments - Issuer Obligations					15,765,902	X X X	15,355,596	15,400,000	15,571,235		(171,926)			X X X	X X X	X X X	59,611	429,975	X X X	X X X		
0399999 Subtotal - U.S. Governments					15,765,902	X X X	15,355,596	15,400,000	15,571,235		(171,926)			X X X	X X X	X X X	59,611	429,975	X X X	X X X		
Public Utilities (Unaffiliated) - Issuer Obligations																						
302570AR7	FLORIDA P&L GROUP CAPITAL			1	1,006,250	99.8330	998,330	1,000,000	1,001,292		(4,958)			1.875	1.355	MS	4,740	18,750	01/16/2004	03/31/2005		
3299999 Subtotal - Public Utilities (Unaffiliated) - Issuer Obligations					1,006,250	X X X	998,330	1,000,000	1,001,292		(4,958)			X X X	X X X	X X X	4,740	18,750	X X X	X X X		
3899999 Subtotal - Public Utilities (Unaffiliated)					1,006,250	X X X	998,330	1,000,000	1,001,292		(4,958)			X X X	X X X	X X X	4,740	18,750	X X X	X X X		
Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations																						
020002AL5	ALLSTATE CORP			1	1,080,930	100.8680	1,008,680	1,000,000	1,021,232		(59,698)			7.875	1.480	MN	13,125	78,750	01/20/2004	05/01/2005		
079867AL1	BELLSOUTH TELECOMMUNICATIONS			1	1,068,600	101.6710	1,016,710	1,000,000	1,022,486		(46,114)			6.500	1.536	JD	2,889	65,000	01/21/2004	06/15/2005		
12490KAB3	CBS CORP			1	1,073,820	101.5050	1,015,050	1,000,000	1,021,544		(52,276)			7.150	1.543	MN	8,143	71,500	01/20/2004	05/20/2005		
00206HH72	CIT - AT&T CAP CORP MTN TR #00638			1	1,065,000	101.5980	1,015,980	1,000,000	1,018,488		(46,512)			6.600	1.610	MN	8,433	66,000	01/20/2004	05/15/2005		
428236AD5	HEWLETT-PACKARD CO			1	1,076,480	101.9030	1,019,030	1,000,000	1,025,078		(51,402)			7.150	1.611	JD	3,178	71,500	01/21/2004	06/15/2005		
441812GL2	HOUSEHOLD FIN CORP NT			1	1,164,494	101.8040	1,094,393	1,075,000	1,099,619		(64,875)			8.000	1.530	MN	12,422	86,000	01/20/2004	05/09/2005		
590188JE9	MERRILL LYNCH & CO INC			1	1,064,000	101.5180	1,015,180	1,000,000	1,023,391		(40,609)			6.000	1.631	JJ	27,667	30,000	01/20/2004	07/15/2005		
833667AC2	SOCIETY NATIONAL BANK			1	538,005	101.7530	508,765	500,000	511,612		(26,394)			7.250	1.645	JD	3,021	36,250	01/16/2004	06/01/2005		
87612EAA4	TARGET CORP			1	1,065,050	100.5060	1,005,060	1,000,000	1,007,518		(57,532)			7.500	1.343	FA	28,333	75,000	01/21/2004	02/15/2005		
929771AQ6	WACHOVIA CORP			1	1,400,940	102.3200	1,319,928	1,290,000	1,330,608		(70,331)			7.450	1.569	JJ	44,314	48,052	01/21/2004	07/15/2005		
3999999 Subtotal - Industrial & Miscellaneous (Unaffiliated) - Issuer Obligations					10,597,319	X X X	10,018,776	9,865,000	10,081,576		(515,743)			X X X	X X X	X X X	151,525	628,052	X X X	X X X		
4599999 Subtotal - Industrial & Miscellaneous (Unaffiliated)					10,597,319	X X X	10,018,776	9,865,000	10,081,576		(515,743)			X X X	X X X	X X X	151,525	628,052	X X X	X X X		
5499999 Subtotals - Issuer Obligations					27,369,471	X X X	26,372,702	26,265,000	26,654,103		(692,627)			X X X	X X X	X X X	215,876	1,076,777	X X X	X X X		
6099999 Grand Total - Bonds					27,369,471	X X X	26,372,702	26,265,000	26,654,103		(692,627)			X X X	X X X	X X X	215,876	1,076,777	X X X	X X X		

SCHEDULE D - PART 2 - SECTION 2
Showing All COMMON STOCKS Owned December 31 of Current Year

1	2	Codes		5	6	Fair Value		9	Dividends			Change in Book/Adjusted Carrying Value				17	18
		3	4			7	8		10	11	12	13	14	15	16		
CUSIP Identification	Description	Code	For- eign	Number of Shares	Book/Adjusted Carrying Value	Rate per Share Used to Obtain Fair Value	Fair Value	Actual Cost	Declared but Unpaid	Amount Received During Year	Nonadmitted Declared But Unpaid	Unrealized Valuation Increase (Decrease)	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 13-14)	Total Foreign Change in B./A.C.V.	NAIC Market Indicator (a)	Date Acquired
							NONE										
7399999 Total Preferred and Common Stocks	X X X ..	.....	.....	.....	.....	.....	.....	.....	.....	.....	X X X ..	X X X ..

SCHEDULE D - PART 3
Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Foreign	Date Acquired	Name of Vendor	Number of Shares of Stock	Actual Cost	Par Value	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments								
3133MBT23	FEDERAL HOME LOAN BANK		01/16/2004 ..	Morgan Keegan	X X X	2,154,300	2,000,000.00	13,524
3133MYRR0	FEDERAL HOME LOAN BANK		03/10/2004 ..	Morgan Keegan	X X X	6,276,508	6,200,000.00	52,442
3133X3ES8	FEDERAL HOME LOAN BANK		01/21/2004 ..	Morgan Keegan	X X X	3,007,500	3,000,000.00 .....	.....
3133X3L35	FEDERAL HOME LOAN BANK		02/01/2004 ..	Morgan Keegan	X X X	2,000,000	2,000,000.00 .....	.....
3128X3GL1	FEDERAL HOME LOAN MTG CORP MULTI		08/17/2004 ..	Morgan Keegan	X X X	1,007,750	1,000,000.00	7,205
0399999 Subtotal - Bonds - U.S. Governments						14,446,058	14,200,000.00	73,171
Bonds - Public Utilities (Unaffiliated)								
302570AR7	FLORIDA P&L GROUP CAPITAL		01/16/2004 ..	Morgan Keegan	X X X	1,006,250	1,000,000.00	5,833
3899999 Subtotal - Bonds - Public Utilities (Unaffiliated)						1,006,250	1,000,000.00	5,833
Bonds - Industrial and Miscellaneous (Unaffiliated)								
020002AL5	ALLSTATE CORP		01/20/2004 ..	Morgan Keegan	X X X	1,080,930	1,000,000.00	17,938
079867AL1	BELLSOUTH TELECOMMUNICATIONS		01/21/2004 ..	Morgan Keegan	X X X	1,068,600	1,000,000.00	7,403
12490KAB3	CBS CORP		01/20/2004 ..	Morgan Keegan	X X X	1,073,820	1,000,000.00	12,512
00206HH72	CIT - AT&T CAP CORP MTN TR #00638		01/20/2004 ..	Morgan Keegan	X X X	1,065,000	1,000,000.00	12,467
428236AD5	HEWLETT-PACKARD CO		01/21/2004 ..	Morgan Keegan	X X X	1,076,480	1,000,000.00	8,143
441812GL2	HOUSEHOLD FIN CORP NT		01/20/2004 ..	Morgan Keegan	X X X	1,164,494	1,075,000.00	17,678
590188JE9	MERRILL LYNCH & CO INC		01/20/2004 ..	Morgan Keegan	X X X	1,064,000	1,000,000.00	1,333
833667AC2	SOCIETY NATIONAL BANK		01/16/2004 ..	Morgan Keegan	X X X	538,005	500,000.00	5,135
87612EAA4	TARGET CORP		01/21/2004 ..	Morgan Keegan	X X X	1,065,050	1,000,000.00	33,542
929771AQ6	WACHOVIA CORP		01/21/2004 ..	Morgan Keegan	X X X	1,400,940	1,290,000.00	2,936
4599999 Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)						10,597,319	9,865,000.00	119,087
6099997 Subtotal - Bonds - Part 3						26,049,627	25,065,000.00	198,091
6099998 Summary item from Part 5 for Bonds						2,095,502	2,000,000.00	16,897
6099999 Subtotal - Bonds						28,145,129	27,065,000.00	214,988
6599998 Summary Item from Part 5 for Preferred Stocks							X X X .....	.....
7299998 Summary Item from Part 5 for Common Stocks							X X X .....	.....
7399999 Subtotal - Preferred and Common Stocks							X X X .....	.....
7499999 Totals						28,145,129	X X X	214,988

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED, or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identification	Description	F o r e i g n	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Cols. 11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest Stock Dividends Received During Year	Maturity Date
Bonds - U.S. Governments																				
3133MCRV9	FEDERAL HOME LOAN BANK		01/05/2004	MATURITY	X X X ...	2,000,000	2,000,000.00	2,083,620	2,000,894		(894)		(894)		2,000,000				53,750	01/05/2004
3133MMR88	FEDERAL HOME LOAN BANK		02/13/2004	MATURITY	X X X ...	1,850,000	1,850,000.00	1,898,544	1,854,950		(4,950)		(4,950)		1,850,000				34,302	02/13/2004
3134A2T99	FEDERAL HOME LOAN MTG CORP		01/15/2004	MATURITY	X X X ...	2,000,000	2,000,000.00	2,074,520	2,002,719		(2,719)		(2,719)		2,000,000				50,000	01/15/2004
3134A4JN5	FEDERAL HOME LOAN MTG CORP		01/15/2004	MATURITY	X X X ...	2,000,000	2,000,000.00	2,040,940	2,001,492		(1,492)		(1,492)		2,000,000				32,500	01/15/2004
31359MEM1	FEDERAL NATIONAL MORTGAGE ASSN		02/13/2004	MATURITY	X X X ...	2,000,000	2,000,000.00	2,083,880	2,008,553		(8,553)		(8,553)		2,000,000				50,681	02/13/2004
912827N81	U S TREASURY NOTE		02/15/2004	MATURITY	X X X ...	5,550,000	5,550,000.00	5,862,016	5,569,821		(19,821)		(19,821)		5,550,000				163,031	02/15/2004
0399999	Subtotal - Bonds - U.S. Governments					15,400,000	15,400,000.00	16,043,520	15,438,429		(38,429)		(38,429)		15,400,000				384,264	X X X
6099997	Subtotal - Bonds - Part 4					15,400,000	15,400,000.00	16,043,520	15,438,429		(38,429)		(38,429)		15,400,000				384,264	X X X
6099998	Summary Item from Part 5 for Bonds					2,049,457	2,000,000.00	2,095,502	2,095,502		(41,361)		(41,361)		2,054,141		(4,683)	(4,683)	70,217	X X X
6099999	Subtotal - Bonds					17,449,457	17,400,000.00	18,139,022	17,533,931		(79,790)		(79,790)		17,454,141		(4,683)	(4,683)	454,481	X X X
6599998	Summary Item from Part 5 for Preferred Stocks						X X X ...													X X X
7299998	Summary Item from Part 5 for Common Stocks						X X X ...													X X X
7399999	Subtotal - Preferred and Common Stocks						X X X ...													X X X
7499999	Totals					17,449,457	X X X ...	18,139,022	17,533,931		(79,790)		(79,790)		17,454,141		(4,683)	(4,683)	454,481	X X X

SCHEDULE D - PART 5

Showing All Long-Term Bonds and Stocks ACQUIRED During Year and Fully DISPOSED OF During Current Year

1	2	3 F O R E I G N	4	5	6	7	8	9	10	11	Change in Book/Adjusted Carrying Value					17	18	19	20	21
											12	13	14	15	16					
CUSIP Identifi- cation	Description		Date Acquired	Name of Vendor	Disposal Date	Name of Purchaser	Par Value (Bonds) Number of Shares (Stock)	Actual Cost	Consider- ation	Book/ Adjusted Carrying Value at Disposal Date	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (Col. 12+ 13-14)	Total Foreign Exchange Change in B./A.C.V.	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Interest and Dividends Received During Year	Paid for Accrued Interest and Dividends
Bonds - U.S. Governments																				
3133X1ZV2 ..	FEDERAL HOME LOAN BANK ..	...	01/16/2004	Morgan Keegan	05/18/2004	CALLED @ 100.0000000	1,000,000.000	.... 1,002,812	.... 1,000,000	.... 1,000,000	.....	..... (2,812)	.....	..... (2,812)	.....	.....	.....	.....	..... 9,300	..... 3,203
0399999 Subtotal - Bonds - U.S. Governments							1,000,000.000	.... 1,002,812	.... 1,000,000	.... 1,000,000	.....	..... (2,812)	.....	..... (2,812)	.....	.....	.....	.....	..... 9,300	..... 3,203
Bonds - Industrial and Miscellaneous																				
718507BP0	PHILLIPS PETE CO NT .....	..	01/20/2004	Morgan Keegan	08/13/2004	Call	1,000,000.000	.... 1,092,690	.... 1,049,457	.... 1,054,141	.....	..... (38,549)	.....	..... (38,549)	.....	.....	..... (4,683)	..... (4,683)	..... 60,917	..... 13,694
4599999 Subtotal - Bonds - Industrial and Miscellaneous							1,000,000.000	.... 1,092,690	.... 1,049,457	.... 1,054,141	.....	..... (38,549)	.....	..... (38,549)	.....	.....	..... (4,683)	..... (4,683)	..... 60,917	..... 13,694
6099998 Subtotal - Bonds							2,000,000.000	.... 2,095,502	.... 2,049,457	.... 2,054,141	.....	..... (41,361)	.....	..... (41,361)	.....	.....	..... (4,683)	..... (4,683)	..... 70,217	..... 16,897
7499999 Totals .....								.... 2,095,502	.... 2,049,457	.... 2,054,141	.....	..... (41,361)	.....	..... (41,361)	.....	.....	..... (4,683)	..... (4,683)	..... 70,217	..... 16,897

SCHEDULE D - PART 6 - SECTION 1

Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

1	2	3	4	5	6	7	8	Stock of Such Company Owned by Insurer on Statement Date	
								9	10
CUSIP Identification	Description Name of Subsidiary, Controlled or Affiliated Company	Foreign	NAIC Company Code or Alien Insurer Identification Number	NAIC Valuation Method (See SVO Purposes and Procedures manual)	Do Insurer's Admitted Assets Include Intangible Assets connected with Holding of Such Company's Stock?	Total Amount of Such Intangible Assets	Book/Adjusted Carrying Value	Number of Shares	% of Outstanding
<div>NONE</div>									
1999999 Total - Preferred and Common Stocks X X X ..	... X X X ..

1. Amount of insurer's capital and surplus from the prior period's statutory statement reduced by any admitted EDP, goodwill and net deferred tax assets included therein: \$.....
2. Total amount of intangible assets nonadmitted \$.....

SCHEDULE D - PART 6 - SECTION 2

1	2	3	4	Stock in Lower-tier Company Owned Indirectly by Insurer on Statement Date	
				5	6
CUSIP Identification	Name of Lower-tier Company	Name of Company Listed in Section 1 Which Controls Lower-tier Company	Total Amount of Intangible Assets Included in Amount Shown in Column 6, Section 1	Number of Shares	% of Outstanding
<div>NONE</div>					
0399999 Total - Preferred and Common Stocks X X X ....	.... X X X

SCHEDULE DA - PART 1

Showing all SHORT-TERM INVESTMENT Owned December 31, of Current Year

1	Codes		4	5	6	7	Change in Book/Adjusted Carrying Value				12	13	Interest						20
	2	3					8	9	10	11			14	15	16	17	18	19	
Description	Code	For- eign	Date Acquired	Name of Vendor	Maturity Date	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Par Value	Actual Cost	Amount Due and Accrued Dec 31 of Current Year on Bonds Not in Default	Non-Admitted Due and Accrued	Rate of	Effective Rate of	How Paid	Gross Amount Received	Paid For Accrued Interest
6099999 Subtotal - Bonds .....															.. X X X .	.. X X X .	. X X X .	.....	.....
Exempt Money Market Mutual Funds																			
FEDERATED PRIME OBLIG MONEY MKT			12/01/2004	Union Planters	12/31/2005	... 49,147,408						... 49,147,408	..... 13,602			..... 1.850			
7999999 Subtotal - Exempt Money Market Mutual Funds .....						... 49,147,408					... X X X ...	... 49,147,408	..... 13,602		.. X X X .	.. X X X .	. X X X .	.....	.....
8299999 Total Short-term Investments .....						... 49,147,408					... X X X ...	... 49,147,408	..... 13,602		.. X X X .	.. X X X .	. X X X .	.....	.....

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Owned December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/ Option Premium	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
N O N E													
9999999 Total	X X X	.....	.....	.....	.....	.....

SCHEDULE DB - PART A - SECTION 2

Showing all Options, Caps, Floors and Insurance Futures Options Acquired During Current Year

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Acquisition	Exchange or Counterparty	Cost/Option Premium
N O N E						
9999999 Total

SCHEDULE DB - PART A - SECTION 3

Showing all Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1 Description	2 Number of Contracts or Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index	5 Date of Acquisition	6 Exchange or Counterparty	7 Cost/ Option Premium	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/Loss on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	
						<div>NONE</div>										
9999999 Total .....						.....	..... X X X .....	... X X X ..	.....	X X X	.....	.....	.....	.....	.....	.....

SCHEDULE DB - PART B - SECTION 1

Showing all Options, Caps, Floors and Insurance Futures Options Written and In-Force December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Cost/ Option Premium	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income
<div>NONE</div>													
9999999 Total								X X X					

SCHEDULE DB - PART B - SECTION 2

Showing all Options, Caps, Floors and Insurance Futures Options Written During Current Year

1	2	3	4	5	6	7
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received
N O N E						
9999999 Grand Total

SCHEDULE DB - PART B - SECTION 3

Showing all Written Options, Caps, Floors and Insurance Futures Options Terminated During Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	Gain/Loss on Termination			17
Description	Number of Contracts or Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index	Date of Issuance/ Purchase	Exchange or Counterparty	Consideration Received	Indicate Exercise, Expiration, Maturity or Closing Purchase Transaction	Termination Date	Book Value	*	Consideration Received on Terminations	Increase/ (Decrease) by Adjustment	14	15	16	Other Investment/ Miscellaneous Income
							N O N E									
9999999 Grand Total X X X .....	... X X X ..	.....	X X X	.....	.....	.....	.....	.....	.....

SCHEDULE DB - PART C - SECTION 1
Showing all Collar, Swap and Forwards Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)	Book Value	*	Statement Value	Fair Value	Increase/ (Decrease) by Adjustment	Used to Adjust Basis of Hedged Item	Other Investment/ Miscellaneous Income	Potential Exposure
N O N E														
9999999 Grand Total								X X X						

SCHEDULE DB - PART C - SECTION 2
Showing all Collar, Swap and Forwards Opened During Current Year

1	2	3	4	5	6	7
Description	Notional Amount	Date of Maturity, Expiry, or Settlement	Strike Price, Rate or Index Rec (Pay)	Date of Opening Position or Agreement	Exchange or Counterparty	Cost or (Consideration Received)
N O N E						
9999999 Grand Total						

SCHEDULE DB - PART C - SECTION 3
Showing all Collar, Swap and Forwards Terminated During Current Year

1 Description	2 Notional Amount	3 Date of Maturity, Expiry, or Settlement	4 Strike Price, Rate or Index Rec (Pay)	5 Date of Opening Position or Agreement	6 Exchange or Counterparty	7 Cost or (Consideration Received)	8 Indicate Exercise, Expiration, Maturity or Sale	9 Termination Date	10 Book Value	11 *	12 Consideration Received or (Paid) on Terminations	13 Increase/ (Decrease) by Adjustment	Gain/Loss on Termination			17 Other Investment/ Miscellaneous Income
													14 Recognized	15 Used to Adjust Basis of Hedged Item	16 Deferred	
							N O N E									
9999999 Grand Total .....							...	X X X ...	... X X X ...	.....	X X X	.....	.....	.....	.....	.....

SCHEDULE DB - PART D - SECTION 1
Showing all Futures Contracts and Insurance Futures Contracts Open December 31 of Current Year

1	2	3	4	5	6	7	8	9	Variation Margin Information			13
									10	11	12	
Description	Number of Contracts	Maturity Date	Original Value	Current Value	Variation Margin	Date of Opening Position	Exchange of Counterparty	Cash Deposit	Recognize	Used to Adjust Basis of Hedged Item	Deferred	Potential Exposure
					N O N E							
9999999 Grand Total	X X X	X X X .....		.....	

SCHEDULE DB - PART D - SECTION 2

Showing all Futures Contracts and Insurance Futures Contracts Opened During Current Year

1	2	3	4	5	6	7
Description	Number of Contracts	Maturity Date	Original Value	Date of Opening Position	Exchange or Counterparty	Net Additions to Cash Deposits
			N O N E			
9999999 Grand Total .....			.....	... X X X .....	..... X X X .....	.....

SCHEDULE DB - PART D - SECTION 3

Showing all Futures Contracts and Insurance Futures Contracts Terminated During Current Year

1	2	3	4	5	6	7	8	9	10	Variation Margin Information		
										11	12	13
Description	Number of Contracts	Maturity Date	Original Value	Termination Value	Variation Value	Date of Opening Position	Exchange of Counterparty	Net Reduction to cash Deposits	Termination Date	Gain/(Loss) Recognized	Gain/(Loss) Used to Adjust Basis of Hedged Item	Gain/(Loss) Deferred
					N O N E							
9999999 Grand Total X X X ..	..... X X X .....	.....	... X X X ..	.....	.....	.....

SCHEDULE DB - PART E - SECTION 1
Showing Counterparty Exposure for Derivative Instruments Open December 31 of Current Year

1 Description Counterparty or Exchange Traded	2 Master Agreement (Y or N)	3 Fair Value of Acceptable Collateral	Statement Value			Fair Value			10 Potential Exposure	11 Off-Balance Sheet Exposure
			4 Contracts Statement Value > 0	5 Contracts Statement Value < 0	6 Exposure Net of Collateral	7 Contracts Fair Value > 0	8 Contracts Fair Value < 0	9 Exposure Net of Collateral		
			N O N E							
9999999 Totals										

SCHEDULE E - PART 1 - CASH

1			2	3	4	5	6	7
Depository			Code	Rate of Interest	Amount of Interest Received During Year	Amount of Interest Accrued December 31 of Current Year	Balance	*
open depositories								
Union Planters Bank, NA	7130 Goodlett Farms Pkwy, Cordova, TN 38018						(390,664)	X X X
Union Planters Bank, NA	7130 Goodlett Farms Pkwy, Cordova, TN 38018						(10,454,885)	X X X
Union Planters Bank, NA	7130 Goodlett Farms Pkwy, Cordova, TN 38018						(28,094,537)	X X X
0199998 Deposits in .....3 depositories that do not exceed the allowable limit in any one depository (See Instructions) - open depositories .....				.. X X X ..			..... 131,736	X X X
0199999 Totals - Open Depositories .....				.. X X X ..			(38,808,350)	X X X
0299998 Deposits in depositories that do not exceed the allowable limit in any one depository (See Instructions) - suspended depositories .....				.. X X X ..				X X X
0299999 Totals - Suspended Depositories .....				.. X X X ..				X X X
0399999 Total Cash On Deposit .....				.. X X X ..			(38,808,350)	X X X
0499999 Cash in Company's Office .....				.. X X X ..	... X X X ...	... X X X ...		X X X
0599999 Total Cash .....				.. X X X ..			(38,808,350)	X X X

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR

1. January	(26,119,870)	4. April	(29,751,738)	7. July	(26,810,219)	10. October	(32,545,299)
2. February	(41,699,808)	5. May	(36,637,451)	8. August	(21,402,406)	11. November	(39,324,324)
3. March	(11,383,252)	6. June	(2,450,589)	9. September	(7,305,488)	12. December	(38,808,350)

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments owned December 31 of current year

1	2	3	4	5	6	7	8	9
CUSIP Identification	Description	Code	Date Acquired	Rate of Interest	Maturity Date	Book/Adjusted Carrying Value	Amount of Interest Due & Accrued	Gross Investment Income
<div>NONE</div>								
0199999 Total Cash Equivalents

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

1 Line Number	2 Type	3 Description of Deposit	4 Where Deposited and Purpose of Deposit	5 Par or Book Value	6 Statement Value (a)	7 Fair Value
Tennessee						
TN00001	B	Federal Natl Mtg Assn CUSIP 31359MJX2	Union Planter Trust-Memphis, TN-TNRSD by Ins Code, Section 56-32-212b	1,200,000	1,258,095	1,235,256
TN00002	B	Federal Home Loan Bank CUSIP 3133MYRR0	Union Planter Trust-Memphis, TN-TNRSD by Ins Code, Section 56-32-212b	6,200,000	6,257,571	6,099,250
TN99999	Subtotals - Tennessee			7,400,000	7,515,666	7,334,506
XX99999	Subtotals - Special Deposits Not Held for the Benefit Of All Policyholders, Claimants and Creditors of the Company			7,400,000	7,515,666	7,334,506
9999999	Totals			7,400,000	7,515,666	7,334,506

(a) Including \$..... cash and short-term investments as defined in SSAP No.2 of the NAIC Accounting Practices and Procedures Manual.

Reconciliation of Revenues Received from the State - 2004 YTD

MCO 2 & 19

Revenues:

Total of trailer records from the State:	
January Net Claims Transactions	3,412,573
February Net Claims Transactions	3,470,015
March Net Claims Transactions	3,471,870
April Net Claims Transactions	3,478,192
May Net Claims Transactions	3,497,474
June Net Claims Transactions	3,454,626
July Net Claims Transactions	3,434,766
August Net Claims Transactions	3,439,566
September Net Claims Transactions	3,428,625
October Net Claims Transactions	3,420,585
November Net Claims Transactions	3,440,956
December Net Claims Transactions	4,243,429
GME, Meharry, Critical Access, and EPP Premium Taxes	3,759,694
Essential Provider Payments	125,000,000
GME Funds	50,135,775
Meharry Dental Program	4,940,605
Critical Access Funds	4,148,628
Additional Premiums (Amount billed to State for > \$28M losses)	1,048,821
Less: Stabilization Plan Net Claims Transactions	
January	(3,412,573)
February	(3,470,015)
March	(3,471,870)
April	(3,478,192)
May	(3,497,474)
June	(3,454,626)
July	(3,434,766)
August	(3,439,566)
September	(3,428,625)
October	(3,420,585)
November	(3,440,956)
December	(4,243,429)
GME, Meharry, Critical Access, and EPP Premium Taxes	(3,759,694)
Critical Access Payments	(4,148,628)
Meharry Dental Program	(4,940,605)
GME Provider Payments	(50,135,775)
Essential Provider Payments	<u>(125,000,000)</u>
Total (per DOI)	1,048,821



SUPPLEMENTAL COMPENSATION EXHIBIT
(To be filed by March 1)

PART 1 - INTERROGATORIES

1. The reporting insurer is a member of a group of insurers or other holding company system:
If yes, do the below amounts represent 1) total gross compensation paid to each individual by or on behalf of all companies which are part of the group:
or 2) allocation to each insurer:

Yes[X] No[]
Yes[] No[X]
Yes[X] No[]
2. Did any person while an officer, director, or trustee of the reporting entity receive directly or indirectly, during the period covered by this statement any commission on the business transactions of the reporting entity?

Yes[] No[X]
3. Except for retirement plans generally applicable to its staff employees, has the reporting entity any agreement with any person, other than contracts with its agents for the payment of commissions whereby it agrees that for any service rendered or to be rendered, that he/she shall receive directly or indirectly, any salary, compensation or emolument that will extend beyond a period of 12 months from the date of the agreement?

Yes[X] No[]

PART 2 - OFFICERS AND EMPLOYEES COMPENSATION

1 Name and Principal Position		2 Year	Annual Compensation			
			3 Salary	4 Bonus	5 All Other Compensation	6 Totals
1. Ron Harr	Sr VP Government Programs	2004	49,991		34,907	84,898
		2003	44,200		24,747	68,947
	President & CEO of VSHP	2002	159,116		71,819	230,935
2. Vicky Gregg	President & CEO	2004	163,916		158,017	321,933
		2003	126,923		104,773	231,696
		2002	89,803		71,023	160,826
3. Steve Coulter	Sr VP & Chief Medical Director	2004	75,018		73,727	148,745
		2003	79,594		69,866	149,460
		2002	86,588		78,767	165,355
4. Joan Harp	Sr VP & Chief Marketing Officer	2004	74,695		70,877	145,572
		2003				
		2002				
5. Bruce Taffel	Regional Medical Director	2004	108,778		32,837	141,615
		2003	97,666		27,254	124,920
		2002	90,242		25,092	115,334
6. Robert Worthington	Sr VP Business Operations	2004	70,336		66,590	136,926
		2003	62,188		52,367	114,555
		2002	56,135		44,761	100,896
7. Suzanne Baker	Senior Medical Director	2004	106,557		29,407	135,964
		2003	88,948		22,289	111,237
		2002	81,090		22,497	103,587
8. David Deal	Sr VP & Chief Financial Officer	2004	72,660		62,988	135,648
		2003	64,708		43,397	108,105
		2002	47,586		37,718	85,304
9. John Wright	Regional Medical Director	2004	100,456		30,225	130,681
		2003	90,663		23,634	114,297
		2002	83,257		15,027	98,284
10. Sonya Nelson	VP BlueCare Administration	2004	128,817			128,817
		2003				
		2002				

PART 3 - DIRECTOR COMPENSATION

1 Name and Principal Position or Occupation	2 Compensation Paid or Deferred for Services as Director	3 All Other Compensation Paid or Deferred	4 Totals
NONE			
9999999			



SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES
Due April 1

For the year ended December 31, 2004

Of The Volunteer State Health Plan, Inc.
Address (City, State, Zip Code) Chattanooga, TN, 37402
NAIC Group Code 0000 NAIC Company Code 00000 Employer's ID Number 62-1656610

The Investment Risk Interrogatories are to be filed by April 1. They are also to be included with the Audited Statutory Financial Statements.
Answer the following interrogatories by reporting the applicable U. S. dollar amounts and percentages of the reporting entity's total admitted assets held in that category of investments.

1. Reporting entity's total admitted assets as reported on Page 2 of this annual statement. \$ 37,254,193

1	2	3	4
Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
2. Ten largest exposures to a single issuer/borrower/investment.			
2.01 Wachovia Corp	Bond - Cuisp 929771	1,330,608	3.572
2.02 Household Fin Corp NT	Bond - Cusip 441812	1,099,619	2.952
2.03 Hewlett-Packard Co	Bond - Cusip 428236	1,025,078	2.752
2.04 Merrill Lynch & Co Inc	Bond - Cusip 590188	1,023,391	2.747
2.05 Bellsouth Telecommunications	Bond - Cusip 079867	1,022,486	2.745
2.06 CBS Corp	Bond - Cusip 12490K	1,021,544	2.742
2.07 Allstate Corp	Bond - Cusip 020002	1,021,232	2.741
2.08 CIT AT&T Cap Corp Mtn TR #00638	Bond - Cusip 00206H	1,018,488	2.734
2.09 Target Corp	Bond - Cusip 87612E	1,007,518	2.704
2.10 Florida P&L Group Capital	Bond - Cusip 302570	1,001,292	2.688

NAIC Rating	1 Amount	2 Percent
3. Amounts and percentages of the reporting entity's total admitted assets held in bonds and preferred stocks by NAIC rating.		
Bonds		
3.01 NAIC-1	75,801,511	203.471
3.02 NAIC-2 .....	.....	.....
3.03 NAIC-3 .....	.....	.....
3.04 NAIC-4 .....	.....	.....
3.05 NAIC-5 .....	.....	.....
3.06 NAIC-6 .....	.....	.....
Preferred Stocks		
3.07 P/RP-1 .....	.....	.....
3.08 P/RP-2 .....	.....	.....
3.09 P/RP-3 .....	.....	.....
3.10 P/RP-4 .....	.....	.....
3.11 P/RP-5 .....	.....	.....
3.12 P/RP-6 .....	.....	.....

4. Assets held in foreign investments:
4.01 Are assets held in foreign investments less than 2.5% of the reporting entity's total admitted assets? Yes[X] No[]

	1 Amount	2 Percent
4.02 Total admitted assets held in foreign investments
4.03 Foreign-currency-denominated investments
4.04 Insurance liabilities denominated in that same foreign currency

If response, to 4.01 above is yes, responses are not required for interrogatories 5 - 10.

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

NAIC Sovereign Rating		1 Amount	2 Percent
5.	Aggregate foreign investment exposure categorized by NAIC sovereign rating:		
5.01	Countries rated NAIC-1 .....	.....	.....
5.02	Countries rated NAIC-2 .....	.....	.....
5.03	Countries rated NAIC-3 or below .....	.....	.....

NAIC Sovereign Rating		1 Amount	2 Percent
6.	Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:		
Countries rated NAIC-1:			
6.01	.....	.....	.....
6.02	.....	.....	.....
Countries rated NAIC-2:			
6.03	.....	.....	.....
6.04	.....	.....	.....
Countries rated NAIC-3 or below:			
6.05	.....	.....	.....
6.06	.....	.....	.....

Description		1 Amount	2 Percent
7.	Aggregate unhedged foreign currency exposure .....	.....	.....

NAIC Sovereign Rating		1 Amount	2 Percent
8.	Aggregate unhedged foreign currency exposure categorized by NAIC sovereign rating:		
8.01	Countries rated NAIC-1 .....	.....	.....
8.02	Countries rated NAIC-2 .....	.....	.....
8.03	Countries rated NAIC-3 or below .....	.....	.....

NONE

NAIC Sovereign Rating		1 Amount	2 Percent
9.	Two largest unhedged foreign currency exposures to a single country, categorized by the country's NAIC sovereign rating:		
Countries rated NAIC-1:			
9.01	.....	.....	.....
9.02	.....	.....	.....
Countries rated NAIC-2:			
9.03	.....	.....	.....
9.04	.....	.....	.....
Countries rated NAIC-3 or below:			
9.05	.....	.....	.....
9.06	.....	.....	.....

1 Issuer	2 NAIC Rating	3 Amount	4 Percent
10. Ten largest non-sovereign (i.e. non-governmental) foreign issues:			
10.01
10.02
10.03
10.04
10.05
10.06
10.07
10.08
10.09
10.10

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

11. Amounts and percentages of the reporting entity's total admitted assets held in Canadian investments and unhedged Canadian currency exposure:
- 11.01 Are assets held in Canadian investments less than 2.5% of the reporting entity's total admitted assets?

Yes[] No[X]
- If response to 11.01 is yes, detail is not required for the remainder of Interrogatory 11.

	1	2
	Amount	Percent
11.02 Total admitted assets held in Canadian Investments
11.03 Canadian-currency-denominated investments
11.04 Canadian-denominated insurance liabilities
11.05 Unhedged Canadian currency exposure

12. Report aggregate amounts and percentages of the reporting entity's total admitted assets held in investments with contractual sales restrictions.
- 12.01 Are assets held in investments with contractual sales restrictions less than 2.5% of the reporting entity's total admitted assets?

Yes[] No[X]
- If response to 12.01 is yes, responses are not required for the remainder of Interrogatory 12.

1	2	3
Contractual Sales Restrictions	Amount	Percent
12.02 Aggregate statement value of investments with contractual sales restrictions
Largest 3 investments with contractual sales restrictions:		
12.03
12.04
12.05

13. Amounts and percentages of admitted assets held in the largest 10 equity interests:
- 13.01 Are assets held in equity interest less than 2.5% of the reporting entity's total admitted assets?

Yes[] No[X]
- If response to 13.01 above is yes, responses are not required for the remainder of Interrogatory 13.

1	2	3
Name of Issuer	Amount	Percent
Assets held in equity interests:		
13.02
13.03
13.04
13.05
13.06
13.07
13.08
13.09
13.10
13.11

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

14. Amounts and percentages of the reporting entity's total admitted assets held in nonaffiliated, privately placed equities:
14.01 Are assets held in nonaffiliated, privately placed equities less than 2.5% of the reporting entity's total admitted assets? Yes[] No[X]
If response to 14.01 above is yes, responses are not required for the remainder of Interrogatory 14.

1 Investment Category		2 Amount	3 Percent
14.02	Aggregate statement value of investments held in nonaffiliated, privately placed equities		
	Largest 3 investments held in nonaffiliated, privately placed equities:		
14.03	.....	
14.04	.....	
14.05	.....	

15. Amounts and percentages of the reporting entity's total admitted assets held in general partnership interests:
15.01 Are assets held in general partnership interests less than 2.5% of the reporting entity's total admitted assets? Yes[] No[X]
If response to 15.01 is yes, responses are not required for the remainder of Interrogatory 15.

1 Investments in General Partnerships		2 Amount	3 Percent
15.02	Aggregate statement value of investments held in general partnership interests		
	Largest 3 investments with contractual sales restrictions:		
15.03	.....	
15.04	.....	
15.05	.....	

NONE

16. Amounts and percentages of the reporting entity's total admitted assets held in mortgage loans:
16.01 Are mortgage loans reported in Schedule B less than 2.5% of the reporting entity's total admitted assets? Yes[] No[X]
If response to 16.01 above is yes, responses are not required for the remainder of Interrogatory 16 and Interrogatory 17.

1 Type (Residential, Commercial, Agricultural)		2 Amount	3 Percent
Total admitted assets held in Mortgage Loans			
16.02		
16.03		
16.04		
16.05		
16.06		
16.07		
16.08		
16.09		
16.10		
16.11		

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

Description	Loans	
	2 Amount	3 Percent
Amount and percentage of the reporting entity's total admitted assets held in the following categories of mortgage loans:		
16.12 Construction loans
16.13 Mortgage loans over 90 days past due
16.14 Mortgage loans in the process of foreclosure
16.15 Mortgage loans foreclosed
16.16 Restructured mortgage loans

Loan-to-Value	Residential		Commercial		Agricultural	
	1 Amount	2 Percent	3 Amount	4 Percent	5 Amount	6 Percent
17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:						
17.01 Above 95%
17.02 91% to 95%
17.03 81% to 90%
17.04 71% to 80%
17.05 Below 70%

18. Amounts and percents of the reporting entity's total admitted assets held in real estate:
18.01 Are assets held in real estate reported in less than 2% of the reporting entity's total admitted assets?
If response to 18.01 above is yes, responses are not required for the remainder of Interrogatory 18.

NONE

the largest investments in real estate:
Admitted assets?
Yes[] No[X]

1 Description	2 Amount	3 Percent
Assets held in the 5 Largest Real Estate Holdings:		
18.02
18.03
18.04
18.05
18.06

Description	At Year-end		At End of Each Quarter		
	1	2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
19. Amounts and percentages of the reporting entity's total admitted assets subject to the following types of agreements:					
19.01 Securities lending agreements (do not include assets held as collateral for such transactions)
19.02 Repurchase agreements
19.03 Reverse repurchase agreements
19.04 Dollar repurchase agreements
19.05 Dollar reverse repurchase agreements

SUPPLEMENTAL INVESTMENT RISKS INTERROGATORIES (Continued)

Description		Owned		Written	
		1 Amount	2 Percent	3 Amount	4 Percent
20.	Amounts and percentages of the reporting entity's total admitted assets for warrants not attached to other financial instruments, options, caps, and floors:				
20.01	Hedging .....	.....	.....	.....	.....
20.02	Income generation .....	.....	.....	.....	.....
20.03	Other .....	.....	.....	.....	.....

Description		At Year-End		Amount at End of Each Quarter		
		Amount 1	Percent 2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
21.	Amounts and percentages of the reporting entity's total admitted assets of potential exposure for collars, swaps, and forwards:	<div>NONE</div>				
21.01	Hedging .....			.....	.....	.....
21.02	Income generation .....			.....	.....	.....
21.03	Replications .....			.....	.....	.....
21.04	Other .....			.....	.....	.....

Description		At Year-End		Amount at End of Each Quarter		
		Amount 1	Percent 2	1st Qtr 3	2nd Qtr 4	3rd Qtr 5
22.	Amounts and percentages of the reporting entity's total admitted assets of potential exposure for futures contracts:					
22.01	Hedging .....	.....	.....	.....	.....	.....
22.02	Income generation .....	.....	.....	.....	.....	.....
22.03	Replications .....	.....	.....	.....	.....	.....
22.04	Other .....	.....	.....	.....	.....	.....



Management's Discussion and Analysis

HISTORY

Volunteer State Health Plan (VSHP), a wholly owned subsidiary of BlueCross BlueShield of Tennessee (BCBST), began operations November 1, 1996. VSHP provides coverage for TennCareSM members only and does not provide coverage for any other members. VSHP provides services to all Community Service Areas (CSAs) in the State of Tennessee and assumed total medical risk through June 30, 2000. For the period July 1, 2000 through June 30, 2001, VSHP operated under an Exigency amendment which removed all medical risk. Effective July 1, 2001, VSHP entered into two new arrangements with the State of Tennessee. The first arrangement was known as BlueCare East. Under this arrangement, VSHP provided coverage for members in the Grand East Region and was at risk for the first \$33M in underwriting losses. For this contract period, the losses exceeded this loss limit and the State was responsible for excess losses. Effective July 1, 2002, the State of Tennessee converted all managed care organizations (MCO's) to administrative services only (ASO) arrangements. This conversion is called the Stabilization Plan. The second arrangement is statewide and is known as TennCareSM Select. VSHP operates under an ASO agreement for this line of the business. TennCareSM Select provides services for children in state custody or at risk of being placed in state custody. Furthermore, TennCareSM Select has received additional enrollment from MCOs with terminated contracts. These enrollees remain in TennCareSM Select until the Bureau of TennCareSM determines if the remaining contracted TennCareSM MCOs are able to accept additional enrollees. VSHP continued its business operations under the two ASO agreements in 2004.

A. FINANCIAL POSITION

(I) ASSETS

Total cash was made possible by monthly funds received from the State of Tennessee.

Total cash and investments decreased \$5.0M due to losses incurred and reductions in liabilities during 2004.

There were no other significant increases or decreases to assets.

(II) LIABILITIES

There is no estimate for unpaid claims due to the termination of our insured arrangement effective June 30, 2002. TennCareSM Select and the Stabilization Plan are uninsured plans and thus no liability for unpaid claims is reported on the balance sheet.

The liability for amounts held under uninsured accident and health plans decreased \$2.2 million due to a reduction in the amount receivable for claims payments.

The liability "Due State of Tennessee" decreased \$849K primarily due to a settlement with River Park.

Settlement payments eliminated the \$700K Contingent legal liability in 2004.

Management's Discussion and Analysis

(III) CAPITAL AND SURPLUS ACCOUNTS

VSHP reported a decrease in reserves from 2003 to 2004 of \$1.7 million. This can be attributed to net losses incurred as a result of taking the risk for uninsured claims overpayments for which VSHP determined the State is not responsible, offset by a decrease in nonadmitted assets.

B. RESULTS OF OPERATIONS

- (I) VSHP reported a net loss in the current year of \$(1,746,350).
- (II) TennCareSM Select and the Stabilization Plan receive an administrative fee from the State. The State is invoiced for claims on a paid basis.

C. CASH FLOW AND LIQUIDITY

- (I) VSHP will use funds received from the State to cover expenses.
- (II) No problems are anticipated with the ongoing collection of revenues from the State.
- (III) As of December 31, 2004, VSHP has not entered into any material commitments for capital expenditures.

LOOKING FORWARD

VSHP's contract with the State under both the Stabilization Plan and TennCareSM Select are effective through December 31, 2005.

The Governor of the State of Tennessee has announced that the State of Tennessee will return to a traditional Medicaid program in 2005. As a result, members determined by the State to be ineligible for Medicaid will be removed from the TennCareSM roll. The Governor's announcement has been met with many legal issues, and as of this writing, the Company is unsure if this change will take place or how it will impact the Company.

Please be advised that these comments represent information furnished by management in good faith. As a result, management disclaims any responsibility for the accuracy of any forward-looking information supplied within this document.

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COMPANY INFORMATION PAGE (JURAT)

Health Risk-Based Capital
For the Year Ending December 31, 2004

XR001

Company Name	Volunteer State Health Plan, Inc.				
NAIC Group Code	0000	NAIC Company Code	00000	Employer's ID Number	62-1656610
Organized under the Laws of the State of	Tennessee				
Contact Person for Health Risk-Based Capital:					
First Name	Dana	Middle	E.	Last Name	Hull
Mail Address of Contact Person	801 Pine Street				
	(Street and Number of P.O. Box)				
City	Chattanooga	State	TN	Zip	37402-2555
Phone Number of RBC Contact Person	(423)752-7919				
E-mail address of RBC Contact Person	Dana_Hull@BCBST.com				
Date Prepared	02/18/2005				
Preparer (if different than Contact)					
First Name	M.	Middle	Ann	Last Name	Tate
Is this filing an Original, Amended or Refiling?	Original				
If Amended, Amendment Number:					
Were any items that come directly from the annual statement entered manually to prepare this filing?	Yes				
Was the entity in business for the entire reporting year?	Yes				
Officer's Name:	Ronald Ellis Harr		John Linville Shull		David Lee Deal
	First		Second		Third
Officer's Title:	President & CEO		Secretary		Treasurer & CFO
	First		Second		Third

Each says that they are the above described officers of the said insurer, and that this risk-based capital report is a true and fair representation of the company's affairs and has been completed in accordance with the NAIC instructions according to the best of their information, knowledge and belief, respectively.

(Signature)

(Signature)

(Signature)

AFFILIATED COMPANIES RISK - DETAILS

(1) Name of Affiliate	(2) Affil Type Code	(3) NAIC Company Code or Alien ID Number	(4) Affiliate's RBC After Covariance	(5) Book/Adj Carrying Value of Affiliate's Common Stock	(6) Valuation Basis of Col. (5) F - Fair A - All Other	(7) Total Value of Affiliate's Outstanding Common Stock	(8) Total Statutory Surplus of Affiliate Subject to RBC	(9) Book/Adj Carrying Value of Affiliate's Preferred Stock	(10) Total Value of Affiliate's Outstanding Preferred Stock	(11) Percent Owned (Cols 5+ 9) / (Cols 7+10)	(12) H0 Component RBC Required	
9999999 TOTAL .....	.. X X X ..	..... X X X .....	.....	.....	..... X X X .....					..... X X X .....	.....	.....

Logic: If Col (6) = F and Col (4) > 0 Do Calculation.
Calculation: Col (12) = Min [(Col (8) x Col (11), Col (4) x Col (11))] If [Col (4) x Col (11)] > [Col (5) + Col (9)] then Col (13) = [Col (5) + Col (9) - Col (12)] If [Col (4) x Col (11)] <= [Col (5) + Col (9)] then Col (13) = Max{[Col (5) + Col (9) - Col (8) x Col (11)] x .225, [(Col (4) x Col (11)) - Col (12)]}
Col (13) cannot be less than 0

AFFILIATED COMPANIES RISK

Type of Affiliate		Type Code	Basis	(1) RBC	(2) Count
1.	Directly Owned Insurer Subject to RBC	1	Affiliate's RBC*		
2.	Indirectly Owned Insurer Subject to RBC	2	Affiliate's RBC*		
3.	Directly Owned MCO Subject to RBC	3	Affiliate's RBC*		
4.	Indirectly Owned MCO Subject to RBC	4	Affiliate's RBC*		
5.	Investment Subsidiary	5	Affiliate's RBC*		
6.	Holding Company Excess of Subsidiaries	6	0		
7.	Directly Owned Alien Insurer	7	1		
8.	Indirectly Owned Alien Insurers	8	1		
9.	Investment in Parent	9	0.300		
10.	Other Affiliates	10	0.300		
11.	Fair Value Excess Affiliate Common Stock	11	Total of Type codes 1 through 5 of XR002, Col 13 ..		

*Capped at carrying value on parent's statement

CROSSCHECKING FOR AFFILIATED INVESTMENTS
Schedule D, Part 6, Section 1

Preferred Stock

		Annual Statement Line Number	(1) Annual Statement Total Preferred Stock	(2) Total From RBC Report	(3) Difference
1.	Parent	0199999	<div>NONE</div>		
2.	U.S. P&C Insurers	0299999		X X X	X X X
3.	U.S. Life Insurers	0399999		X X X	X X X
4.	U.S. Health Entity	0499999			X X X
5.	Total P&C, Life and Health Insurers				
6.	Alien Insurer	0599999			
7.	Non-Insurer Which Controls Insurers	0699999			
8.	Investment Subsidiary	0799999			
9.	Other Affiliates	0899999			
10.	Subtotal	0999999			

Common Stock

		Annual Statement Line Number	(1) Annual Statement Total Common Stock	(2) Total From RBC Report	(3) Difference
1.	Parent	1099999	<div>NONE</div>		
2.	U.S. P&C Insurers	1199999		X X X	X X X
3.	U.S. Life Insurers	1299999		X X X	X X X
4.	U.S. Health Entity	1399999			X X X
5.	Total P&C, Life and Health Insurers				
6.	Alien Insurer	1499999			
7.	Non-Insurer Which Controls Insurers	1599999			
8.	Investment Subsidiary	1699999			
9.	Other Affiliates	1799999			
10.	Subtotal	1899999			

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AFFILIATES RISK

OFF- BALANCE SHEET RISK (See instructions for explanation)		Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1.	Total Non-controlled Assets	Gen Int Pt 1 20.21 through	NONE	.....	.....
2.	Guarantees for Affiliates	Notes to Financial Statemen		.....	.....
3.	Contingent Liabilities	Notes to Financial Statements		.....	.....
4.	Total Miscellaneous Off Balance Sheet Items	Lines (1) + (2) + (3)		.....	.....

FIXED INCOME ASSETS

BONDS		Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
1.	Class 01 - U.S. Government - Direct and Guaranteed	Sch D, Pt 1A, Sn 1, Col. 6, Line 1.1	64,718,643		
2.	Total Class 01 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.1	75,801,511		
3.	Other Class 01 Bonds	Line (2) - Line (1)	11,082,868	0.003	33,249
4.	Total Class 02 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.2		0.010	
5.	Total Class 03 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.3		0.020	
6.	Total Class 04 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.4		0.045	
7.	Total Class 05 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.5		0.100	
8.	Total Class 06 Bonds	Sch D, Pt 1A, Sn 1, Col. 6, Line 10.6		0.300	
9.	Total Bonds		75,801,511		33,249

MISCELLANEOUS FIXED INCOME ASSETS					
10.	Cash	Page 2, Line 5, inside amount 1	(38,808,350)	0.003	
11.	Cash Equivalents	Page 2, Line 5, inside amount 2		0.003	
12.	Short-Term Investments	Page 2, Line 5, inside amount 3	49,147,408		
13.	Short-Term Bonds	Sch DA Pt 1 Col. 7 Ln. 6099999			
14.	Exempt Money Market Mutual Funds	Sch DA Pt 1 Col. 7 Ln. 7999999	49,147,408		
15.	Class One Money Market Mutual Funds	Sch DA Pt 1 Col. 7 Ln. 8099999			
16.	Total Other Short-Term Investments	Lines (12) - (13) - (14) - (15)		0.003	
17.	Mortgage Loans - First Liens	Page 2, Col. 3, Line 3.1		0.050	
18.	Mortgage Loans - Other Than First Liens	Page 2, Col. 3, Line 3.2		0.050	
19.	Receivable for Securities	Page 2, Col. 3, Line 8		0.050	
20.	Aggregate write-ins for invested assets	Page 2, Col. 3, Line 9		0.050	
21.	Collateral Loans	Included in Page 2, Col. 3, Line 7		0.050	
22.	Other Long-Term Invested Assets	Included in Page 2, Col. 3, Line 7		0.200	
23.	Total Other Long-Term Invested Assets (Page 2, Col. 3, Line 7)	Lines (21) + (22)			
24.	Total Fixed Income Assets RBC	Lines (9) + (10) + (11) + (16) + (17) + (18) + (19) + (20) + (21) + (22)			33,249

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REPLICATION (SYNTHETIC ASSET) TRANSACTIONS AND MANDATORILY CONVERTIBLE SECURITIES

(1) RSAT Number	(2) Type	(3) CUSIP	(4) Description of Asset(s)	(5) NAIC Designation or Other Description of Asset	(6) Value of Asset	(7) RBC Requirement
				<div>NONE</div>		
.....X X X .....	... X X X .	.....X X X	9999999 Total .....	.....X.XX		

EQUITY ASSETS

PREFERRED STOCK - UNAFFILIATED		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
Annual Statement Source				
1.	Class 01 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
2.	Class 02 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
3.	Class 03 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
4.	Class 04 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
5.	Class 05 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
6.	Class 06 Unaffiliated Preferred Stock	Included in Sch D, Part 2, Sn 1		
7.	Total Unaffiliated Preferred Stock	Page 2, Col 3, Line 2.1 - Sch D Summary, Col 1, Line 39		

COMMON STOCK - UNAFFILIATED				
8.	Federal Home Loan Bank Stock	Company Records		
9.	Non-Government Money Market Funds	Sch D Pt 2 Sn 2, Col, 6, Line 7199999		
10.	Total Common Stock	Sch D, Summary, Col. 1, Line 54		
11.	Affiliated Common Stock	Sch D, Summary, Col. 1, Line 53		
12.	Other Unaffiliated Common Stock	Lines (10) - (8) - (9) - (11)		
13.	Total Unaffiliated Common Stock	Lines (8) + (9) + (12)		

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PROPERTY & EQUIPMENT ASSETS

		(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
	Annual Statement Source			
1.	Properties occupied by the company Page 2, Col 3, Line 4.1			
2.	Encumbrances (Property occupied by the company) Page 2, Line 4.1, inside amount			
3.	Properties held for the production of income Page 2, Col 3, Line 4.2			
4.	Encumbrances (Property held for production of income) Page 2, Line 4.2, inside amount			
5.	Properties held for sale Page 2, Col 3, Line 4.3			
6.	Encumbrances (Property held for sale) Page 2, Line 4.3, inside amount			
7.	Furniture and equipment Page 2, Col 3, Line 18			
7.1	Health Care Delivery subject to statutory acct depreciation limits Company Records			
7.2	All other furniture and equipment Company Records			
8.	Electronic Data Processing equipment and software Page 2, Col 3, Line 17			
9.	TOTAL Property and Equipment Lines 1 + 2 + 3 + 4 + 5 + 6 + 7.1 + 7.2 + 8			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: _____

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

NONE

ASSET CONCENTRATION

Issuer Name: Grand Total

	(2) Book/Adjusted Carrying Value	Factor	(3) Additional RBC
1. Class 2 Unaffiliated Bonds			
2. Class 3 Unaffiliated Bonds			
3. Class 4 Unaffiliated Bonds			
4. Class 5 Unaffiliated Bonds			
5. Collateral Loans			
6. Mortgages			
7. Unaffiliated Preferred Stock - Asset Class 1			
8. Unaffiliated Preferred Stock - Asset Class 2			
9. Unaffiliated Preferred Stock - Asset Class 3			
10. Unaffiliated Preferred Stock - Asset Class 4			
11. Unaffiliated Preferred Stock - Asset Class 5			
12. Other Long-Term Invested Assets			
13. Unaffiliated Common Stock			
14. Total of Issuer = Lines (1) through (13)			

N O N E

UNDERWRITING RISK
Experience Fluctuation Risk

Line of Business		(1) Comprehensive Medical	(2) Medicare Supplement	(3) Dental	(4) Other	(5) Total
1.	Premium					
2.	Title XVIII - Medicare		X X X	X X X	X X X	
3.	Title XIX - Medicaid	1,048,821	X X X	X X X	X X X	1,048,821
4.	Other Health Risk Revenue		X X X			
5.	Underwriting Risk Revenue = Lines 1 + 2 + 3 + 4	1,048,821				1,048,821
6.	Net Incurred Claims	2,271,195				2,271,195
7.	Fee-for-service Offset		X X X			
8.	Underwriting Risk Incurred Claims = Line 6 - Line 7	2,271,195				2,271,195
9.	Underwriting Risk Claim Ratio Line 8 / Line 5	2.165				2.165
10.	Underwriting Risk Factor*	0.150	0.105	0.120	0.130	X X X
11.	Base Underwriting Risk RBC = Lines 5 x 9 x 10	340,605				340,605
12.	Managed Care Discount Factor	0.850	0.850	0.850	1.000	X X X
13.	RBC after Managed Care Discount = Lines 11 x 12	289,514				289,514
14.	Maximum per-individual Risk after Reinsurance				9,999,999	X X X
15.	Alternate Risk Charge**	1,500,000				X X X
16.	Alternate Risk Adjustment					X X X
17.	Net Alternate Risk Charge***	1,500,000				1,500,000
18.	Net Underwriting Risk RBC (MAX {(Line 13, Line 17)})	1,500,000				1,500,000

TIERED RBC FACTORS*				
	Comprehensive Medical	Medicare Supplement	Dental	Other
\$0-\$3 Million	0.150	0.105	0.120	0.130
\$3-\$25 Million	0.150	0.067	0.076	0.130
Over \$25 Million	0.090	0.067	0.076	0.130
ALTERNATE RISK CHARGE**				
-	\$1,500,000	\$50,000	\$50,000	\$50,000
LESSER OF:	or	or	or	or
-	2 x Maximum	2 x Maximum	2 x Maximum	2 x Maximum
-	Individual Risk	Individual Risk	Individual Risk	Individual Risk

***Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.

XR011

ANNUAL STATEMENT SOURCES

Line of Business		(1) Comprehensive Medical	(2) Medicare Supplement	(3) Dental	(4) Other	(5) Total
1.	Premium	Page 7, Col. 2, Lines 1 + 2 ..	Page 7, Col. 3, Lines 1 + 2 ..	Page 7, Col. 4, Lines 1 + 2 ..		
2.	Title XVIII - Medicare	Page 7, Col. 7, Lines 1 + 2 ..	X X X	X X X	X X X	Page 7. Col. 7, Lines 1 + 2 ..
3.	Title XIX - Medicaid	Page 7, Col. 8, Lines 1 + 2 ..	X X X	X X X	X X X	Page 7, Col. 8, Lines 1 + 2 ..
4.	Other Health Risk Revenue	Page 7, Col. 2, Line 4	X X X	Page 7. Col. 4, Line 4		
6.	Net Incurred Claims	Page 7, Line 17, Cols 2 + 7 + 8	Page 7, Col. 3, Line 17	Page 7, Col. 4, Line 17		2271195
7.	Fee-for-service Offset	Page 7, Col. 2, Line 3	X X X	Page 7, Col. 4, Line 3		
14.	Maximum per-individual Risk after Reinsurance ..	Gen. Int. Pt 2, Line 5.31 + 5.32	Gen. Int. Pt 2, Line 5.33	Gen. Int. Pt 2, Line 5.34		X X X

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Other Underwriting Risk				
19. Business with Rate Guarantees Between 15-36 Months - Direct Premium Earned	General Interrogatories Pt 2, Line 9.21			
20. Business with Rate Guarantees Over 36 Months - Direct Premium Earned	General Interrogatories Pt 2, Line 9.22			
21. FEHBP and CHAMPUS Claims Incurred	UI, Pt 2, Col 6, Line 11.4			
22. Stop Loss and Minimum Premium	Page 7, Col 9, Line 1 + 2			
Disability Income Premium				
23. Noncancellable Disability Income - Individual Morbidity	Included in Page 7, Col 10, Line 1 and 2			
23.1 First \$50 Million Earned Premium of Line (23)				
23.2 Over \$50 Million Earned Premium of Line (23)				
23.3 Total Noncancellable Disability Income - Individual Morbidity	Lines (23.1) + (23.2)			
24. Other Disability Income - Individual Morbidity	Included in Page 7, Col 10, Line 1 and 2			
24.1 Earned Premium in Line (24) [up to \$50 million less the premium in Line (23.1)]				
24.2 Earned Premium in Line (24) not included in Line (24.1)				
24.3 Total Other Disability Income - Individual Morbidity	Lines (24.1) + (24.2)			
25. Disability Income - Credit Monthly Balance Plans	Included in Page 7, Col 10, Line 1 and 2			
25.1 First \$50 Million Earned Premium of Line (25)				
25.2 Over \$50 Million Earned Premium of Line (25)				
25.3 Total Disability Income - Credit Morbidity	Lines (25.1) + (25.2)			
26. Disability Income - Group Long-Term	Included in Page 7, Col 10, Line 1 and 2			
26.1 Earned Premium in Line (26) [up to \$50 million less Premium in Line (25.1)]				
26.2 Earned Premium in Line (26) not included in Line (26.1)				
26.3 Total Disability Income - Group Long-Term	Lines (26.1) + (26.2)			
27. Disability Income - Credit Single Premium with Additional Reserves	Included in Page 7, Col 10, Line 1 and 2			
27.1 Additional Reserves for Credit Disability Plans	Company Records			
27.2 Additional Reserves for Credit Disability Plans, prior year	Company Records			
27.3 Sub-total Disability Income - Credit Single Premium with Additional Reserves	Lines (27) - (27.1) + (27.2)			
27.4 Earned Premium in Line (27.3) [up to \$50 million less Premium in Lines (25.1) + (26.1)]				
27.5 Earned Premium in Line (27.3) not included in Line (27.4)				
27.6 Total Disability Income - Credit Single Premium with Additional Reserves	Lines (27.4) + (27.5)			
28. Disability Income - Credit Single Premium without Additional Reserves	Included in Page 7, Col 10, Line 1 and 2			
28.1 Earned Prem in Line (28) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4)]				
28.2 Earned Premium in Line (28) not included in Line (28.1)				
28.3 Total Disability Income - Credit Single Premium without Additional Reserves	Lines (28.1) + (28.2)			
29. Disability Income - Group Short-term	Included in Page 7, Col 10, Line 1 and 2			
29.1 Earned Prem in Line (29) [up to \$50 million less Prem in Lines (25.1) + (26.1) + (27.4) + (28.1)]				
29.2 Earned Premium in Line (29) not included in Line (29.1)				
29.3 Total Disability Income - Group Short-term	Lines (29.1) + (29.2)			

XR013

NONE

	Annual Statement Source	(1) Amount	Factor*	(2) RBC Requirement
Long-Term Care (LTC) Insurance Premium				
30. Noncancelable LTC - Individual Morbidity	Included in Page 7, Col 11, Line 1 and 2			
30.1 First \$50 Million Earned Premium of Line (30)				
30.2 Over \$50 Million Earned Premium of Line (30)				
30.3 Total Noncancelable LTC - Individual Morbidity	Lines (30.1) + (30.2)			
31. Other LTC - Individual Morbidity	Included in Page 7, Col 11, Line 1 and 2			
31.1 First \$50 Million Earned Premium of Lines (30) and (31) less the Premium in Line (30.1)				
31.2 Earned Premium in Line (31) not included in Line (31.1)				
31.3 Total Other LTC - Individual Morbidity	Lines (31.1) + (31.2)			
32. LTC - Group Morbidity	Included in Page 7, Col 11, Line 1 and 2			
32.1 First \$50 Million Earned Premium of Lines (30), (31) and (32) less the premium in Lines (30.1) and (31.1)				
32.2 Earned Premium on Line (32) not included in Line (32.1)				
32.3 Total LTC - Group Morbidity	Lines (32.1) + (32.2)			
Limited Benefit Plans (Individual and Group Combined)				
33. Hospital Indemnity and Specified Disease	Included in Page 7, Col 12, Line 1	NONE		
33.1 50,000 if Line (33) is greater than zero				
33.2 Total Hospital Indemnity and Specified Disease	Lines (33) + (33.1)			
34. Accidental Death & Dismemberment	Included in Page 7, Col 12, Line 1 and 2			
34.1 First \$10 Million Earned Premium of Line (34)				
34.2 Over \$10 Million Earned Premium of Line (34)				
34.3 Maximum Retained Risk for any single claim	Company Records			
34.4 Three times Line (34.3)				
34.5 Lesser of Line (34.4) or \$300,000				
34.6 Total Accidental Death & Dismemberment	Lines (34.1) + (34.2) + (34.5)			
35. Other Accident	Included in Page 7, Col 12, Line 1 and 2			
36. Premium Stabilization Reserves	Included in U & I, Part 2D, Col 1, Line 4			
37. Total Other Underwriting Risk	Lines (19)+(20)+(21)+(22)+(23.3)+(24.3)+(25.3)+(26.3)+(27.6) + (28.3)+(29.3)+(30.3)+(31.3)+(32.3)+(33.2)+(34.6)+(35)+(36)			

* This is limited to the total Net Underwriting RBC on XR011, Col (5), Line (18) and XR013, Col (2), Lines (22), (23.3), (24.3), (25.3), (26.3), (27.6), (28.3), (29.3), and XR014 Col (2), Line (30.3), (31.3), (32.3), (33.2), (34.6), and (35)

XR014

UNDERWRITING RISK - Managed Care Credit Calculation

Managed Care Claims Payments		Annual Statement Source	(1) Factor*	(2) Paid Claims	(3) Wtd Claims
1.	Category 0 - Arrangements not Included in Other Categories	Exhibit 7, Pt 1, Col 1, Line 5	0.000		
2.	Category 1 - Payments Made According to Contractual Arrangements	Exhibit 7, Pt 1, Col 1, Line 6	0.150	2,272,058	340,809
3.	Category 2a - Subject to Withholds or Bonuses - Otherwise Category 0	Exhibit 7, Pt 1, Col 1, Line 7			
4.	Category 2b - Subject to Withholds or Bonuses - Otherwise Category 1	Exhibit 7, Pt 1, Col 1, Line 8	0.150		
5.	Category 3a - Capitated Payments Directly to Providers		0.600		
5.1	Capitation Payments - Medical Group - Category 3a	Exhibit 7, Pt 1, Col 1, Line 1			
5.2	Capitation Payments - All Other Providers - Category 3a	Exhibit 7, Pt 1, Col 1, Line 3			
6.	Category 3b - Capitated Payments to Regulated Intermediaries	Included in Exhibit 7, Pt 1, Col 1, Line 2	0.600		
7.	Category 3c - Capitated Payments to Non-Regulated Intermediaries	Included in Exhibit 7, Pt 1, Col 1, Line 2	0.600	(863)	
8.	Category 4 - Medical & Hospital Expense Paid as Salary to Providers		0.750		
8.1	Non-contingent Salaries - Category 4	Exhibit 7, Pt 1, Col 1, Line 9			
8.2	Aggregate Cost Arrangements - Category 4	Exhibit 7, Pt 1, Col 1, Line 10			
8.3	Less Fee For Service revenue from ASC or ASO	Company Records			
9.	Total Paid Claims	Exhibit 7, Pt 1, Col 1, Line 13 - Line 11 - Line 8.3		2,271,195	340,809
10.	Weighted Average Managed Care Discount				0.150
11.	Weighted Average Managed Care Risk Adjustment Factor				0.850

XR015

*Calculation of Category 2 Managed Care Factor		Annual Statement Source	(1) Amount
12.	Withhold & bonus payments, prior year	Company Records	
13.	Withhold & bonuses available, prior year	Company Records	
14.	MCC Multiplier - average withhold returned [Line (12) / Line (13)]		
15.	Withholds & bonuses available, prior year		
16.	Claims payments subject to withhold, prior year		
17.	Average withhold rate, prior year [Line (15) / Line (16)]		
18.	MCC Discount Factor, Category 2 Minimum {.25, [Line (14) x Line (17)]}		

NONE

CREDIT RISK

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Reinsurance Ceded				
1. Recoverables on Paid Losses - 100% owned affiliates	Included in Sch S, Pt 2, Col 6, Line 0499999			
2. Recoverables on Paid Losses - other affiliates	Included in Sch S, Pt 2, Col 6, Line 0499999		0.005	
3. Recoverables on Paid Losses - Non-affiliates	Sch S, Pt 2, Col 6, Line 0599999		0.005	
4. Total Recoverables on Paid Losses	Sch S, Pt 2, Col 6, Line 0699999			
5. Recoverables on Unpaid Losses - 100% owned affiliates	Included in Sch S, Pt 2, Col 7, Line 0499999			
6. Recoverables on Unpaid Losses - other affiliates	Included in Sch S, Pt 2, Col 7, Line 0499999		0.005	
7. Recoverables on Unpaid Losses - Non-affiliates	Sch S, Pt 2, Col 7, Line 0599999		0.005	
8. Total Recoverables on Unpaid Losses	Sch S, Pt 2, Col 7, Line 0699999			
9. Unearned premiums - 100% owned affiliates	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999			
10. Unearned premiums - other affiliates	Included in Sch S, Pt 3, Sn 2, Col 8, Line 0199999		0.005	
11. Unearned premiums - Non-affiliates	Sch S, Pt 3, Sn 2, Col 8, Line 0299999		0.005	
12. Total unearned premiums	Sch S, Pt 3, Sn 2, Col 8, Line 0399999			
13. Other Reserve Credits - 100% owned affiliates	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999			
14. Other Reserve Credits - other affiliates	Included in Sch S, Pt 3, Sn 2, Col 9, Line 0199999		0.005	
15. Other Reserve Credits - Non-affiliates	Sch S, Pt 3, Sn 2, Col 9, Line 0299999		0.005	
16. Total Other Reserve Credits	Sch S, Pt 3, Sn 2, Col 9, Line 0399999			
17. Total Reinsurance RBC	Lines (4) + (8) + (12) + (16)			
Capitations to Intermediaries				
18. Total Capitations Paid Directly to Providers	XR015, Col (2), Line (5)			
19. Less Secured Capitations to Providers	Company Records			
20. Capitations to Providers subject to Credit Risk Charge	Lines (18) - (19)		0.020	
21. Total Capitations to Intermediaries	XR015, Col (2), Line (6) + (7)	(863)		
22. Less Secured Capitations to Intermediaries	Company Records			
23. Capitations to Intermediaries Subject to Credit Risk Charge	Lines (21) - (22)	(863)	0.040	
24. Capitation Credit Risk RBC	Lines (20) + (23)			

XR017

CREDIT RISK - Other Receivables

	Annual Statement Source	(1) Amount	Factor	(2) RBC Requirement
Other Receivables				
25. Investment Income Receivable	Page 2, Col 3, Line 11	229,478	0.010	2,295
26. Health Care Receivables	Exhibit 3, Col. 7, Line 0799999			
26.1 Pharmaceutical Rebate Receivables	Exhibit 3, Col. 7, Line 0199999		0.050	
26.2 Claim Overpayment Receivables	Exhibit 3, Col. 7, Line 0299999		0.050	
26.3 Loan and Advances to Providers	Exhibit 3, Col. 7, Line 0399999		0.050	
26.4 Capitation Arrangement Receivables	Exhibit 3, Col. 7, Line 0499999		0.050	
26.5 Risk Sharing Receivables	Exhibit 3, Col. 7, Line 0599999		0.050	
26.6 Other Health Care Receivables	Exhibit 3, Col. 7, Line 0699999		0.050	
27. Amounts Receivable relating to uninsured accident and health plans	Included in Page 2, Col. 3, Line 14	7,391	0.050	370
28. Amounts Due from Parents, Subs, and Affiliates	Page 2, Col. 3, Line 20		0.050	
29. Aggregate Write-Ins for other than invested assets	Page 2, Col. 3, Line 23	24,163	0.050	1,208
30. Total Other Receivables RBC	Line (25) + Sum of Lines (26.1) through (29)			3,873
31. Total Credit RBC	Lines (17) + (24) + (30)			3,873

XR018

BUSINESS RISK

	Annual Statement Source	(1) Amount	Factor*	(2) RBC Requirement
Administrative Expense Risk				
1. Claims adjustment expenses	Page 4, Col. 2, Line 20	1,266,410		
2. General administrative expenses	Page 4, Col. 2, Line 21	1,145,074		
3. less the Net amount of ASC Revenue and Expenses included in Line 1 and Line 2	Company Records			
4. less the Net amount of ASO Revenue and Expenses included in Line 1 and Line 2	Company Records	36,500		
5. less Administrative Expenses for Commission & Premium Taxes	Company Records	20,976		
6. Administrative Expenses Base RBC	Lines (1) + (2) - (3) - (4) - (5)	2,354,008	0.070	164,781
7. Proration of Administrative Expense to Experience Fluctuation Risk	Lines (6) x (20) / ((21) + (22))			164,781
Non-Underwritten and Limited-Risk				
8. Administrative expenses for ASC arrangements	Company Records		0.020	
9. Administrative expenses for ASO arrangements	Company Records	142,424,202	0.020	2,848,484
10. Medical costs paid through ASC arrangements (Including Fee-for service received from other health entities)	Company Records	101,346	0.010	1,013
11. Non-Underwritten and Limited Risk Business RBC		142,525,548		2,849,497
Guaranty Fund Assessment Risk				
12. Premiums Subject to Guaranty Fund Assessment	Included in Sch T - Company Records		0.005	
Excessive Growth Risk				
13. Underwriting Risk Revenue, Prior Year	2003XR011, Col (6), Line (5) (manual entry)	(3,418,182)		
14. Underwriting Risk Revenue, Current Year	2004XR011, Col (5), Line (5)	1,048,821		
15. Net Underwriting Risk RBC, Prior Year	2003XR011, Col (6), Line (18) (manual entry)			
16. Net Underwriting Risk RBC, Current Year	2004XR011, Col (5), Line (18)	1,500,000		
17. RBC Growth Safe Harbor	[Line (14) / Line (13) + .10] x Line (15)			
18. Excess of RBC Growth Over Safe Harbor	Max {0, Line (16) - Line (17)}	1,500,000		
19. Excessive Growth Risk RBC .....	.5 x Line (18)			750,000

*The factor for the Administrative Expenses Base RBC is calculated as a weighted average, based on premium volume from XR011

	Annual Statement Source	(1) Premium	Weight	(2) Weighted Premium
20. Experience Fluctuation Risk Revenue	XR011, Col (5), Line (5)	1,048,821		
21. Premiums Earned	Page 4, Col 2, Line 2 + 3	1,048,821		
22. Risk Revenue	Page 4, Col 2, Line 5			
23. Tier 1 - \$0 to \$25 million of Line (20)		1,048,821	0.070	73,417
24. Tier 2 - Amount over \$25 million of Line (20)			0.040	
25. Total Experience Fluctuation Risk Revenue	Lines (23) + (24)	1,048,821		73,417
26. Administrative Expenses Base RBC Factor	Col (2), Line (25) / Col (1), Line (25)			0.070

XR019

Calculation of Total Risk-Based Capital After Covariance

		(1) RBC Amount
H0 - ASSET RISK - AFFILIATES W/RBC		
1. Off-Balance Sheet Items	XR005, Off-Balance Sheet Page - Line 4	
2. Directly Owned Insurer Subject to RBC	XR003, Affiliates Page - Line 1	
3. Indirectly Owned Insurer Subject to RBC	XR003, Affiliates Page - Line 2	
4. Directly Owned MCO Subject to RBC	XR003, Affiliates Page - Line 3	
5. Indirectly Owned MCO Subject to RBC	XR003, Affiliates Page - Line 4	
6. Directly Owned Alien Insurer	XR003, Affiliates Page - Line 7	
7. Indirectly Owned Alien Insurers	XR003, Affiliates Page - Line 8	
8. TOTAL H0	Sum of Lines 1 through 7	
H1 - ASSET RISK - OTHER		
9. Investment Subsidiary	XR003, Affiliates Page - Line 5	
10. Holding Company Excess of Subsidiaries	XR003, Affiliates Page - Line 6	
11. Investment in Parent	XR003, Affiliates Page - Line 9	
12. Other Affiliates	XR003, Affiliates Page - Line 10	
13. Fair Value Excess Affiliate Common Stock	XR003, Affiliates Page - Line 11	
14. Fixed Income Assets	XR006, Fixed Income Assets Page - Line 24	33,249
15. Replication & Mandatorily Convertible Securities	XR007, Replication/MCS Page - Line 9999999	
16. Unaffiliated Preferred Stock	XR008, Equity Assets Page - Line 7	
17. Unaffiliated Common Stock	XR008, Equity Assets Page - Line 13	
18. Property & Equipment	XR009, Prop/Equip Assets Page - Line 6	
19. Asset Concentration	XR010, Grand Total Asset Concentration Page - Line 14	
20. TOTAL H1	Sum of Lines 9 through 19	33,249
H2 - UNDERWRITING RISK		
21. Net Underwriting Risk	XR011, Underwriting Risk Page - Line 18	1,500,000
22. Rate Guaranty - 15-36 Months	XR013, Underwriting Risk Page - Line 19	
23. Rate Guaranty - Over 36 Months	XR013, Underwriting Risk Page - Line 20	
24. Assessment Risk (Non-Guaranty Fund)	XR013, Underwriting Risk Page - Line 21	
25. Stop Loss	XR013, Underwriting Risk Page - Line 22	
26. Disability Income	XR013, Underwriting Risk Page - Lines 23.3 + 24.3 + 25.3 + 26.3 + 27.6 + 28.3 + 29.3	
27. Long-Term Care	XR014, Underwriting Risk Page - Lines 30.3 + 31.3 + 32.3	
28. Limited Benefit Plans	XR014, Underwriting Risk Page - Lines 33.2 + 34.6 + 35	
29. Premium Stabilization Reserve	XR014, Underwriting Risk Page - Line 36	
30. TOTAL H2	Sum of Lines 21 through 29	1,500,000

XR020

Calculation of Total Risk-Based Capital After Covariance (continued)

		(1) RBC Amount
H3 - CREDIT RISK		
31. Total Reinsurance RBC	XR017, Credit Risk Page - Line 17	
32. Intermediaries Credit Risk RBC	XR017, Credit Risk Page - Line 24	
33. Total Other Receivables RBC	XR018, Credit Risk Page - Line 30	3,873
34. TOTAL H3	Sum of Lines 31 through 33	3,873
H4 - BUSINESS RISK		
35. Administrative Expense RBC	XR019, Business Risk Page - Line 7	164,781
36. Non-Underwritten and Limited Risk Business RBC	XR019, Business Risk Page - Line 11	2,849,497
37. Premiums Subject to Guaranty Fund Assessments	XR019, Business Risk Page - Line 12	
38. Excessive Growth RBC	XR019, Business Risk Page - Line 19	750,000
39. TOTAL H4	Sum of Lines 35 through 38	3,764,278
40. RBC after Covariance	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	4,052,272
41. Authorized Control Level RBC .....	.50 x RBC after Covariance	2,026,136

XR021

CALCULATION OF TOTAL ADJUSTED CAPITAL

	Annual Statement Source	(1) Amount	Factor	(2) Adjusted Capital
Company Amounts				
1. Capital and Surplus	Page 3, Col 3, Line 30	31,017,092	1.000	31,017,092
Subsidiary Adjustments				
2. AVR - Life Subsidiaries	Affiliate's statement .....	.....	1.000 .....	.....
3. Dividend Liability - Life Subsidiaries	Affiliate's statement .....	.....	0.500 .....	.....
4. Tabular Discounts - P&C Subsidiaries	Affiliate's statement .....	.....	(1.000) .....	.....
5. Non-Tabular Discounts - P&C Subsidiaries	Affiliate's statement .....	.....	(1.000) .....	.....
6. Total Adjusted Capital, Post-deferred Tax .....	.....	.....	.....	31,017,092
SENSITIVITY TEST:				
7. DTA Value for Company	Page 2, Col. 3, Line 15.2 .....	.....	1.000 .....	.....
8. DTL Value for Company	Page 3, Col. 3, Line 10.2 .....	.....	1.000 .....	.....
9. DTA Value for Insurance Subsidiaries	Company Records .....	.....	1.000 .....	.....
10. DTL Value for Insurance Subsidiaries	Company Records .....	.....	1.000 .....	.....
11. Total Adjusted Capital, Pre-deferred Tax (sensitivity)	Lines 6 - 7 + 8 - 9 + 10 .....	.....	.....	31,017,092

COMPARISON OF TOTAL ADJUSTED CAPITAL TO RISK-BASED CAPITAL

	Abbreviation	(1) Amount
1. Total Adjusted Capital, Post Tax		31,017,092
2. Company Action Level = 200% of Authorized Control Level	CAL	4,052,272
3. Regulatory Action Level = 150% of Authorized Control Level	RAL	3,039,204
4. Authorized Control Level = 100% of Authorized Control Level	ACL	2,026,136
5. Mandatory Control Level = 70% of Authorized Control Level	MCL	1,418,295
6. Level of Action, if Any		None
THE FOLLOWING NUMBERS MUST BE REPORTED IN THE FIVE YEAR HISTORY EXHIBIT ON THE INDICATED LINE		
Total Adjusted Capital on Line 13 of the Five-Year Historical Data Page		31,017,092
Authorized Control Level Risk-Based Capital on Line 14 of the Five-Year Historical Data Page		2,026,136